ECONOMY OF
PAKISTAN

ECONOMY OF PAKISTAN
1950

DEDICATED TO :—

The service of my country

PAKISTAN

WHOM

"To-day, after little more than two years we see with strong Government, loyal people, a disciplined army, a favourable trade balance, potential surplus of food, orderly finances and a currency which can stand firm when sterling falls."

PREFACE

After a hard and sustained struggle the dreams of the Muslims of Undivided India to carve out a state for themselves materialised on August 14th, 1947, the date on which Pakistan became a reality. Before and even after the creation of Pakistan many an eminent economists within and outside India even in Europe and America harboured grave misgivings and acute doubts and suspicions about the possibility of a stable economy for Pakistan after its detachment from the Indian economy. The variety of doubts expressed before partition of India by economists, statesmen, diplomats and expert administrators, who counted in the world opinion, had succeeded in establishing at least on paper the fact that Pakistan will not survive its amputation from the body politic and intermingled and inter-dependant economy of each corner of the sub-continent of India. There was only that one determined soul in Quaid-i-Azam who thought and stubbornly believed, notwithstanding expert opinions on the other side, that Pakistan would live and flourish economically and politically. However, a period of two prosperous years has belied the fore-telling of those who with the portly air of high priests used to preach the imprudence of partition and used to fore-tell the economic infeasibility of Pakistan as a separate state.

No doubt the post partition pre-planned migration of the wealthy non-muslims from Pakistan to India had to some extent shaken Pakistan's economy at its very inception by creating a vaccuum. The economic vaccuum which this migration created would have succeeded in depleting the country's wealth but the simultaneous uprooting of Muslim capitalists from India helped to fill up this vaccuum and saved the tottering economy from a virtual collapse. Pakistan's economic life did not only miraculously escape disruption but began to develop on sound and robust natural lines.

Two successful and prosperous years of Pakistan's life heralding a bright and stable future has naturally aroused a keen desire among her own citizens in particular and the rest of the world in general to know more and more about Pakistan and her problems. Of all the problems, economics of a country is the first and foremost to fall within the focus of an inqusitive eye. Finding that there was not enough material available to quench the thirst of knowledge of all those who are eager to know economical facts about Pakistan and finding that literature on the economy of this country while too much in demand was conspiciuous by its inavailability, I set myself to the task of producing something to meet this immediate needs and popular demand. To achieve this objective I probed into the all possible sources of information and succeeded only in collecting the facts and figures that I venture to re-produce.

All that is contained in these pages is but a bird's eye view of our economic present. Much of it has been chosen, picked and collected from a variety of sources like Government notifications, bulletins, responsible utterances and all sorts of local publications. I acknowledge my indebtedness to them. My special thanks are due to Mr. Mohammad Ahmad Sabzwari for the keen interest that he has taken in scrutinizing the tables, charts and other important statistics in the book. I owe a great debt of gratitude to him.

It is hoped that this amateur pioneering venture will help and stimulate further study and research and will attract common man's appreciation of human activities and aspiration in relation with the circumstances of the existing inter-play of the variety of factors in economic life of our country.

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The Author

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Pakistan Economics

CHAPTER I

GEOGRAPHY, AREA AND POPULATION

Geography—Pakistan consists of two parts both far flung from each other about 1500 miles apart by land and three thousand miles by sea, one being at the extreme eastern end and the other on the extreme north western end of the Indo-Pak sub-continent. Western Pakistan is a single geographical expression, with much affinity with West and South West Asia. It is co-terminus with Iran Afghanistan in the west and connected through the Persian Gulf with Iraq and Arabia. The area of this part is actually larger than France and Germany combined or even Iran in the Middle East. It has a wide sea front towards the Arabian Sea. It consits of four provinces: (1) Sind including the Khairpur State, (2) The Punjab inclding the Bhawalpur State, (3) North West Frontier Province, including the tribal territories, and (4) Baluchistan, including the Kalat, Las Bela and other States. Kashmir is another integral part whose fate of accession yet hangs in balance.

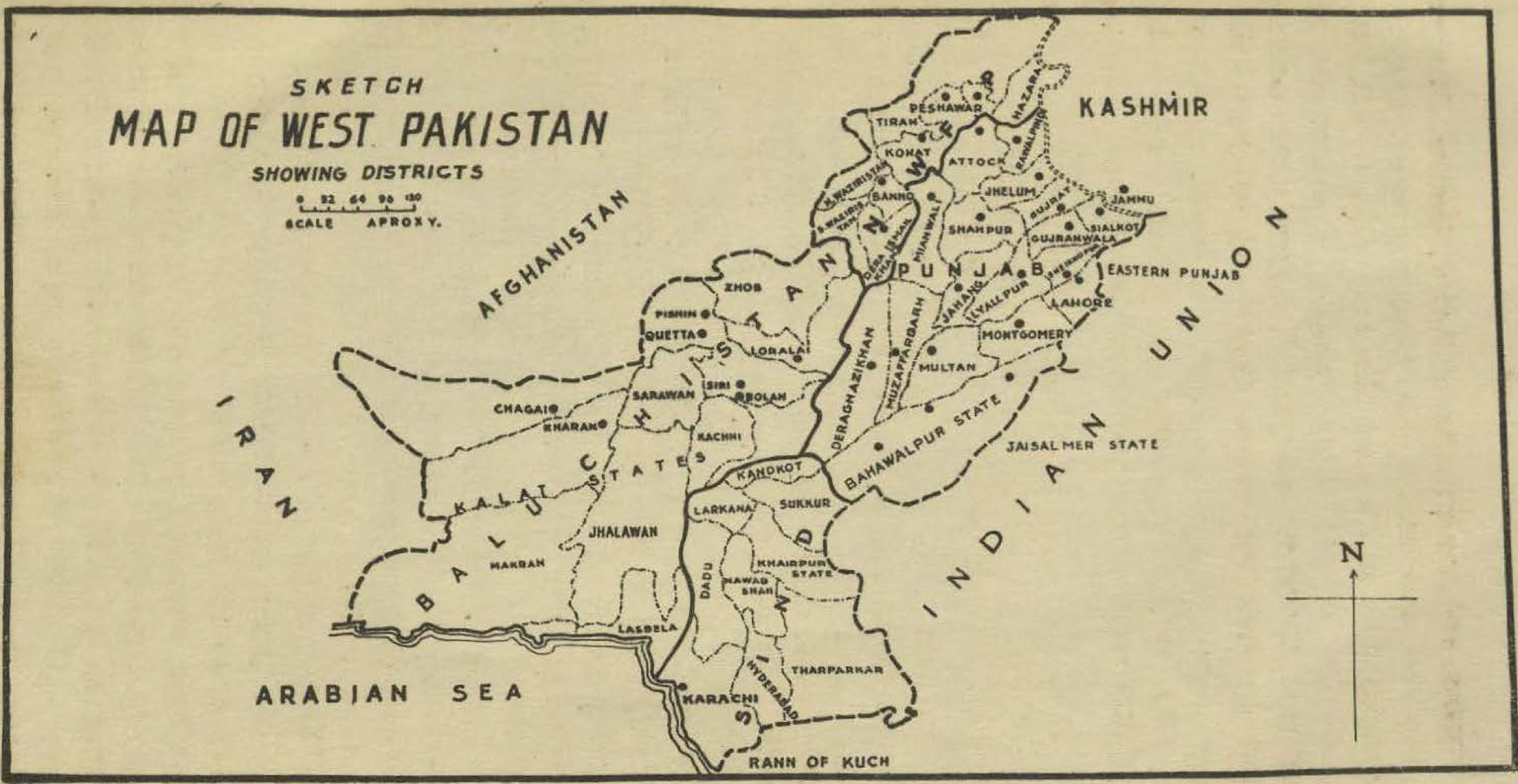
Western Pakistan is nearly 900 miles in length and 200 miles in breadth and falls between the latitude of 23 degree North and 36 degree North and between the longtitude of 60 degree East and 75 degree East.

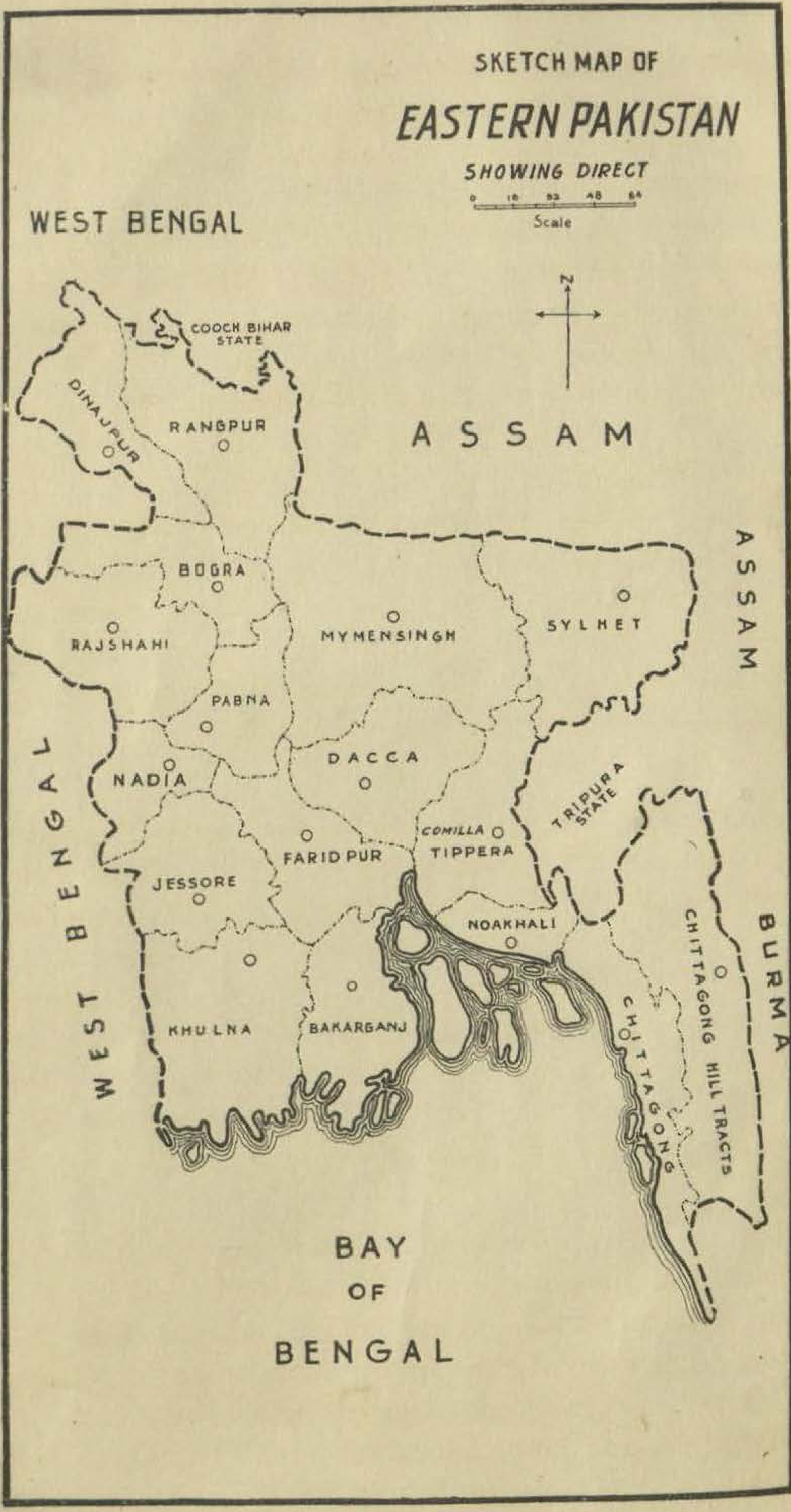
Eastern Pakistan mostly falls into Ganges delta and includes Sylhet. This part of Pakistan includes the whole of Chittagong and Dacca Divisions, the Rangpore Bogra, Rajshahi and Pabna Districts of the Rajshahi Division. The Khulna District of the Presidency

Division, and five districts of Nadia, Jessore, Dinajpur Jalpaiguri and Malda are divided between the two Bengals, East and West. The area of Eastern Pakistan is less than 1/3 of Western Pakistan in extent and lies between 21 degree North and 27 degree North latitudes and between 88 degree East and 94 degree East longitudes. It has a land frontier beyond Assam with Burma and is accessable to it and the Malaya Archipalego through the Port of Chittagong.

Both the parts of Pakistan have good seaboards in the south, one connecting with the Indian Ocean *via* Arabian Sea and the other *via* Bay of Bengal.

Pakistan consists of parts of the western and the eastern flanks and the extra-peninsular mountains with their complex rock structure, deep and narrow soil-covered valleys, powerful waterfalls and snow-crested peaks. Parts of the Indo-Gangetic plain, flat, wide and spacious and covered with deep drifted soil, which is considered to be one of the most fertile soils in the world, form a very prominant part of its land. This land is peculiar in character and is rare to be found in any other part of the world. The peculiarity lies in the strangness of its geological birth, the variety of rock formation, micro-climate, relief features, land-forms and sceneries. But for the variance of climate Eastern and Western Pakistan owe their origin to same circumstances and are similar in their character and their potentialities. In Western Pakistan the land mass has been developed by dry desert climate extremely hot and cold and in some areas also by glaciers. In Eastern Pakistan land has been tempered by hot wet tropical climate. So far as physiographical features are concerned they are common to both Western and Eastern Pakistan. Climatically Eastern Pakistan is a contrast to its western part, Western Pakistan is dry and barren,


SKETCH
MAP OF WEST PAKISTAN
SHOWING DISTRICTS
SCALE APROXY.
AFGHANISTAN
KASHMIR
IRAN
INDIAN UNION
EASTERN PUNJAB
JAISALMER STATE
BAHAWALPUR STATE
PUNJAB
BALUCHISTAN
KALAT STATES
SIND
ARABIAN SEA
RANN OF KUCH
PESHAWAR
HAZARA
TIRAH
KOHAT
ATTOCK
JHELUM
GUJRAT
JAMMU
SIALKOT
GUJRANWALA
SHAHPUR
MIANWALI
LAHORE
MONTGOMERY
MULTAN
MUZAFFARGARH
DERAGHAZIKHAN
ZHOB
PISHIN
QUETTA
LORALAI
SIBI
BOLAN
SARAWAN
CHAGAI
KHARAN
KACHHI
JHALAWAN
MAKRAN
LASBELA
KANDKOT
LARKANA
SUKKUR
KHAIRPUR STATE
DADU
HYDERABAD
THARPARKAR
KARACHI
N


SKETCH MAP OF
EASTERN PAKISTAN
SHOWING DIRECT
Scale
N
WEST BENGAL
COOCH BIHAR STATE
DINAJPUR
RANGPUR
ASSAM
BOGRA
RAJSHAHI
MYMENSINGH
SYLHET
ASSAM
PABNA
NADIA
DACCA
TRIPURA STATE
COMILLA
TIPPERA
FARIDPUR
JESSORE
NOAKHALI
CHITTAGONG HILL TRACTS
BURMA
CHITTAGONG
KHULNA
BAKARGANJ
WEST BENGAL
BAY OF BENGAL

Eastern Pakistan is very wet and overgrown with vegetation. In the summer season dry and hot winds form the predominent feature and in winter chilly weather with rains becomes the chief feature of climate in Western Pakistan. Parts of Western Pakistan actually fall within the sub-tropic. The temperatures in many places are above 90 degree F. in July, in summer while in winter it ranges from 40° F. to 60° F. Pakistan has a sort of uniform temperature ranging from 60° F. to 70° F. Though the variation in temperature is not high yet the rainfall varies from 75″ in Dacca to 160″ in Sylhet. In the two zones of Pakistan the climatic differences create such a contrast that the agricultural produce of the two zones differs materially in as much as wheat, barley and cotton are the most important produce of West Pakistan and rice and jute are the main crops of the Eastern Pakistan.

In Western Pakistan the region of mountains consists of the ranges of Karakurrams and Hindu-Kush in the extreme north, then comes the ranges of Sulemans running north-south, next the ranges of salt mountains to the extreme of which are the Attock Hills. They are followed by the ranges of Kirthurs, separating the table land of Baluchistan from the Indus Plain. The mountanius region of Eastern Pakistan includes the Lushai Hills and Chittagongs Hills.

The rivers of Western Pakistan are Kabul, Swat, Gilgit, Indus, Jhelum, Chunab, Ravi and Sutlej. The rivers of Eastern Pakistan are insignificant as they are shifting tributaries of Brahamputtra and Ganges. There are, however, countless streams leading to the sea. Karnafuli is an important river of Chittagong Hill Tracts.

Area—The total area of Pakistan, according to Indian Census of 1941, is 360,780 squre miles, which is distributed as follows :—

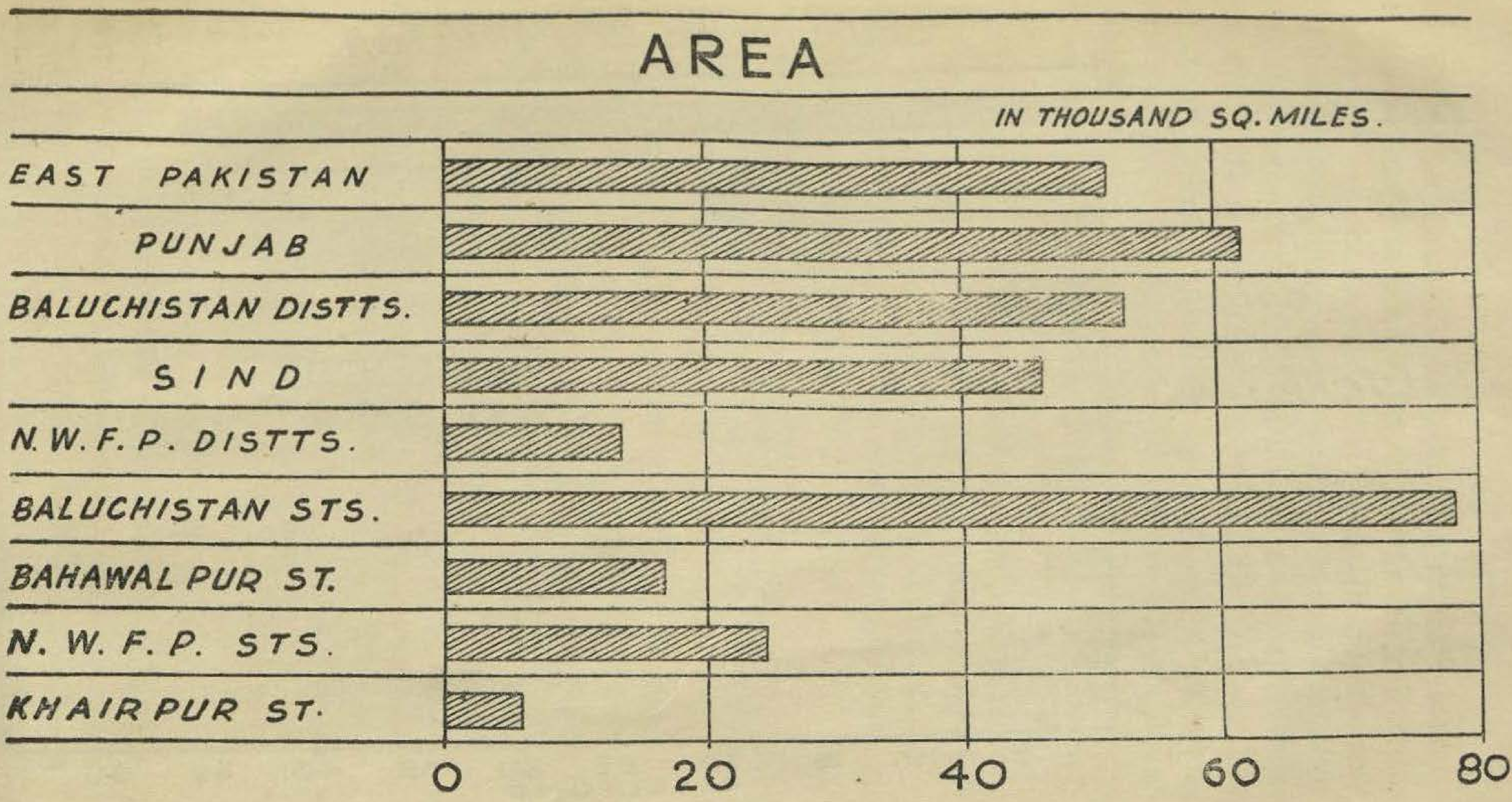
AREA OF PAKISTAN

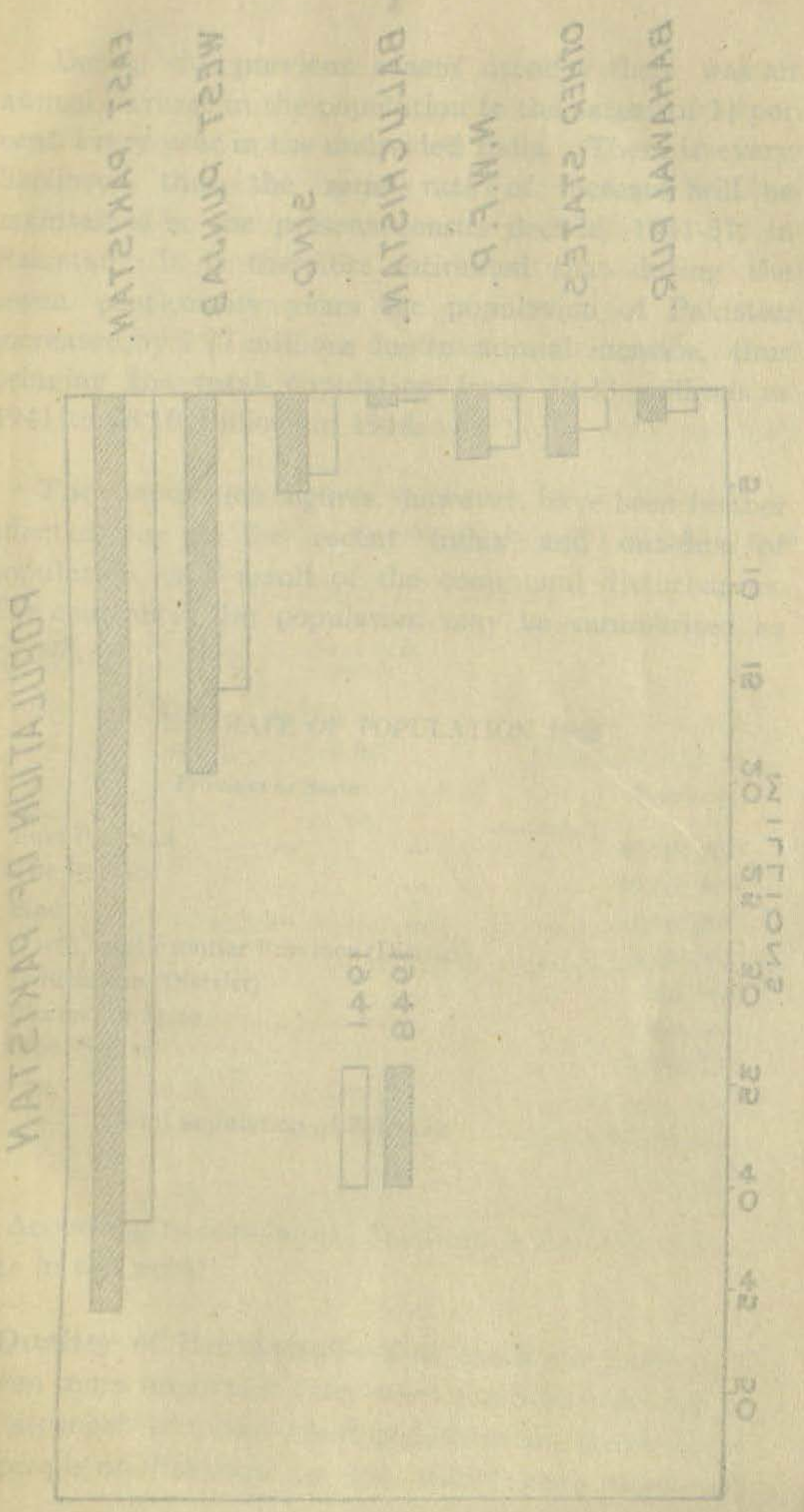
Pfovince or State	Area in sq. miles	Total
East Bengal	49,270	
Sylhet district	4,650	
Total for Eastern Pakistan ...		53,920
The Punjab	62,000	
Baluchistan (districts)	54,460	
Sind	48,140	
North West Frontier Province (districts)	14,260	
Baluchistan States	79,500	
North West Frontier Province States ...	25,000	
Bhawalpur State	17,500	
Khairpur State	6,000	
Total for Western Pakistan ...		306,860
Total for Pakistan		360,780

Population—The total population of areas now comprising Pakistan, including the States that have acceded to it so far, according to the 1941 census, on the basis of the Boundary Commission's Award, was as follows :—

POPULATION OF PAKISTAN

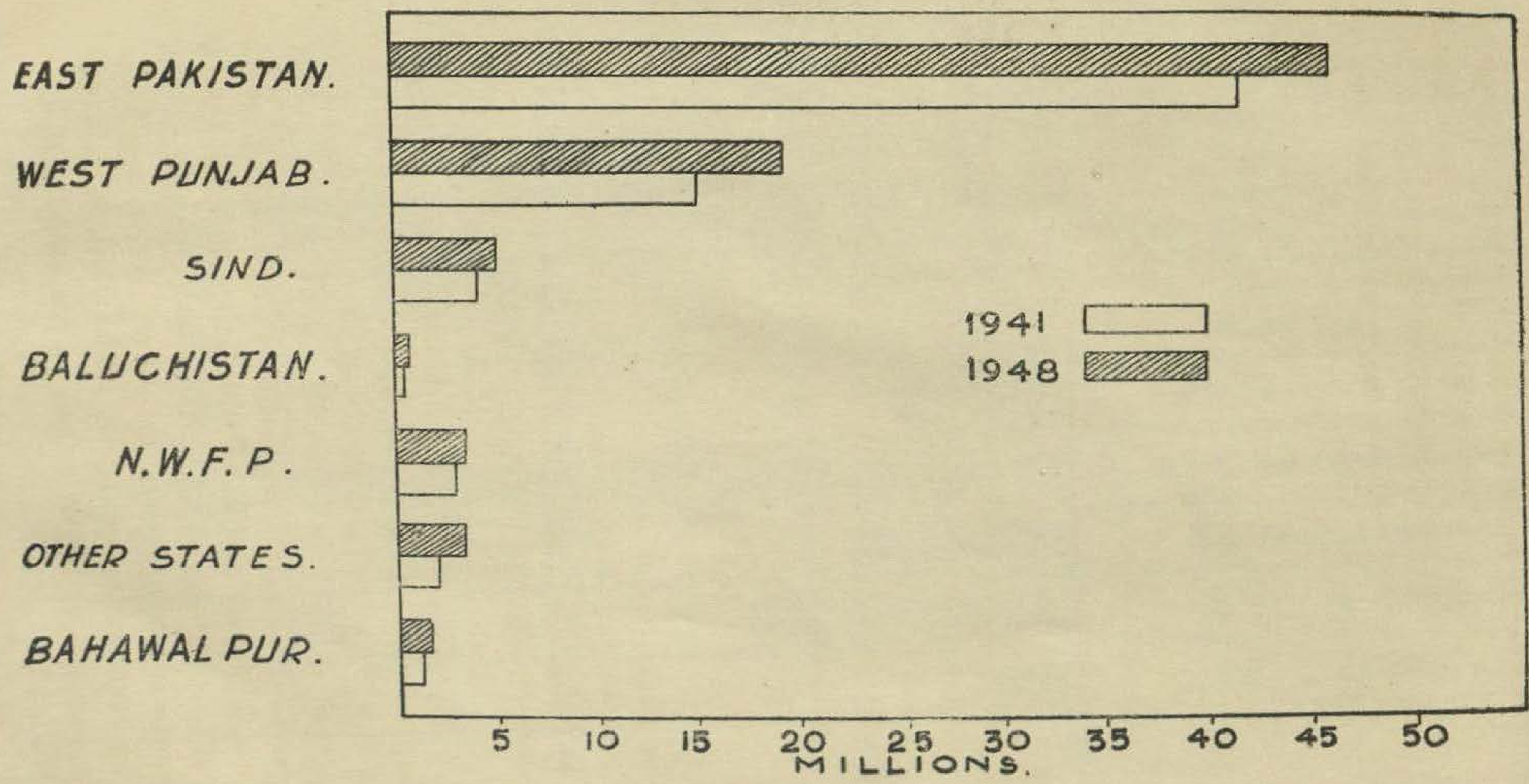
Province or State	Population in millions
East Bengal and Sylhet	42·07
The Punjab	15·80
Sind	4·53
North West Frontier Province	3·04
Baluchistan (Districts)	·50
Bhawalpur	1·34
Khairpur	·31
Kalat	·17
Makran	·09
Las Bela	·07
Kharan	·03
Tribal Areas including Dhir, Swat and Chitral ...	2·38
Total ...	70·33


AREA
IN THOUSAND SQ. MILES.
EAST PAKISTAN
PUNJAB
BALUCHISTAN DISTTS.
SIND
N. W. F. P. DISTTS.
BALUCHISTAN STS.
BAHAWAL PUR ST.
N. W. F. P. STS.
KHAIR PUR ST.
0
20
40
60
80



POPULATION OF PAKISTAN
MILLIONS
5 10 15 20 25 30 35 40 45 50
BAHAWAL PUR
OTHER STATES
N.W.F.P.
BALUCHISTAN
SIND
WEST PUNJAB
EAST PAKISTAN
1948
1941

POPULATION OF PAKISTAN



During the previous census decades there was an annual increase in the population to the extent of 1½ per cent. every year in the undivided India. There is every likelihood that the same rate of increase will be maintained in the present census decade, 1941-51, in Pakistan. It is therefore estimated that during the seven post-census years the population of Pakistan increased by 7·77 millions due to annual increase, thus bringing the total population from 70 33 millions in 1941 to 78·10 millions in 1948.

The population figures, however, have been further affected due to the recent influx and out-flux of population as a result of the communal disturbances. The changes in the population may be summarised as follows :—

ESTIMATE OF POPULATION 1948

Province or State	Population
East Pakistan	46,720,000
The Punjab	19,740,000
Sind	5,180,000
North West Frontier Province (District) ...	3,200,000
Baluchistan (District)	560,000
Bhawalpur State	1,480,000
Other States	3,380,000
Total population of Pakistan ...	80,260,000

According to population, Pakistan is the fifth largest state in the world.

Quality of Population—The quality of population is even more important than mere numbers. So far as the strength of body, mind and character is concerned, the people of Pakistan on the whole have been well

blessed by nature. The inhabitants of Western Pakistan are hard-working and enterprising. Wheat is their staple diet, and the consumption of milk is fairly high. They are healthy, martial in spirit, and take readily to soldiering as career. They supplied the bulk of the recruits to the Army of Undivided India, and have left their mark in the various battlefields of the world. They make excellent artisans and craftsmen, besides being good agriculturists. The people of Eastern Pakistan make excellent seamen.

Density—The density of population per square mile according to 1941 census was as follows:—

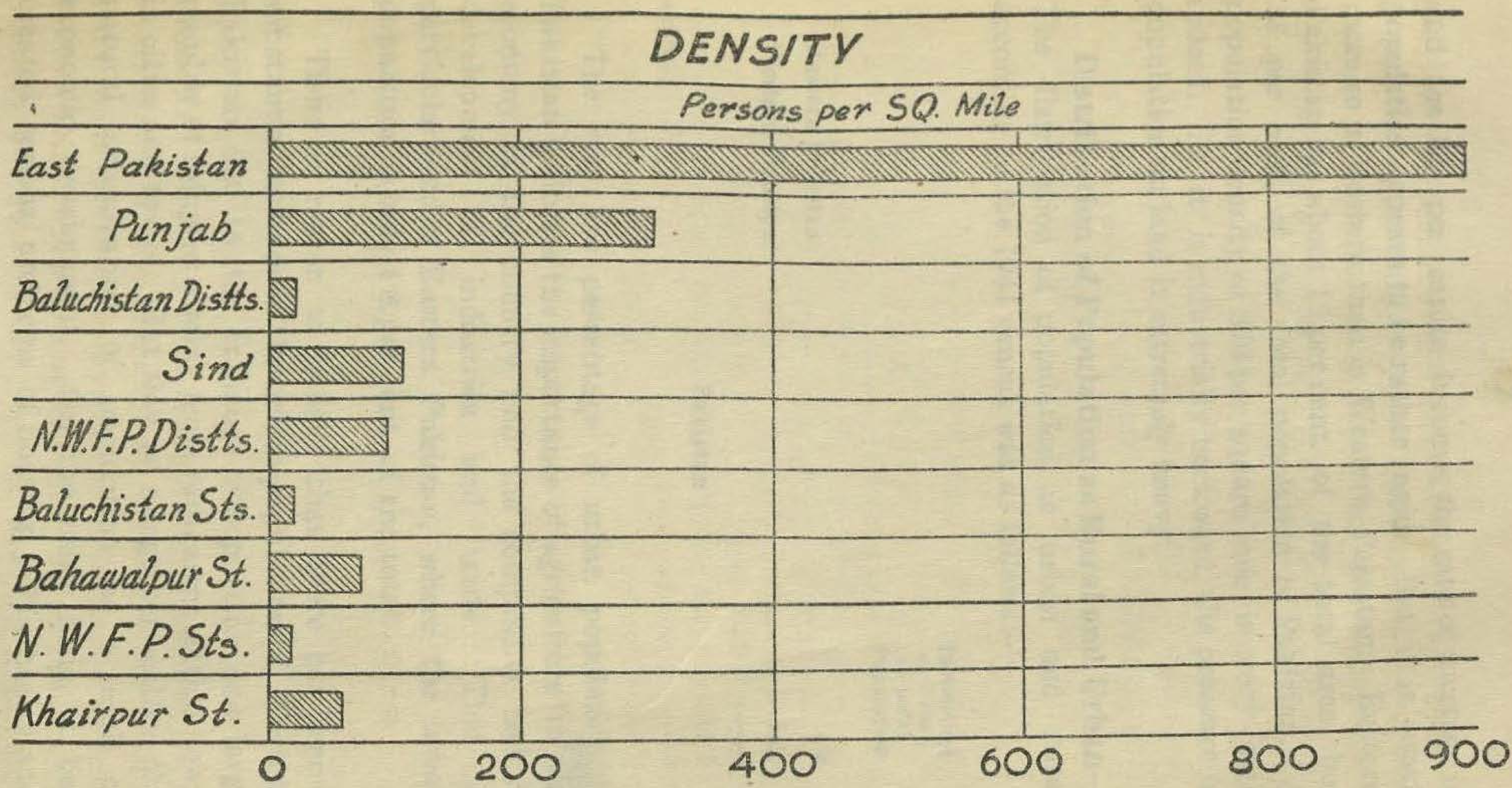
DENSITY IN PAKISTAN

	Area in sq. miles	Population in millions	Density per sq. mile
Eastern Pakistan ...	53,920	42.07	780
Western Pakistan ...	306,860	28.26	92
Pakistan ...	360,780	70.33	194.9

The density of population according to 1948 estimates works out as below :—

	Area in sq miles	Population in millions	Density per sq. miles
Eastern Pakistan ...	53,920	46.72	870
Western Pakistan ...	306,860	33.54	109.3
Pakistan ...	360,780	80.26	222.4

The density of population in Eastern Pakistan is estimated to have increased from 780 to 870, in Western Pakistan from 92 to 109·3, and of Pakistan as a whole from 194·9 to 222·4 during the period from 1941 to 1948. Considering the agricultural character of the economy



DENSITY
Persons per SQ. Mile
East Pakistan
Punjab
Baluchistan Distts.
Sind
N.W.F.P. Distts.
Baluchistan Sts.
Bahawalpur St.
N. W. F. P. Sts.
Khairpur St.
0
200
400
600
800
900

and the low per capita income, the rate of increase in population appears to be rather rapid. But it is much more so in Eastern than in Western Pakistan. Eastern Pakistan has about 15 per cent. of the total area, but 58 per cent. of the total population of Pakistan. A population density of 870 per square mile is very high indeed. As it is industrially backward, the pressure of population on land is extremely heavy.

Distribution of Population as Rural and Urban— The distribution of population as urban and rural according to the 1941 census was as follows:—

	Percentage of Urban to total Population
Eastern Pakistan	4·8
Western Pakistyn	14·5
Pakistan ...	11·1

The very low percentage of urban population in Pakistan indicates the importance of agriculture in the economy of the country and the comprative lack of development of industries and trade. This is particularly so in Eastern Pakistan, where the urban population is only 4·8 per cent. of the total.

There is reason to believe that there has been a substantial increase in the urban population of Western Pakistan due to the exchange of population as a large number of refugees coming from rural areas settled down in cities and towns. But this is altogether unlike the natural urbanization of population as a result of economic development. On the other hand, it has created serious problems of housing, public health and

transport. It is likely, however, that the concentration of people in towns and cities would create conditions in which trade and industry may proposer.

Refugees—About seven million Muslims migrated to Pakistan after they were uprooted from their homes in India and relieved of practically all their material possessions. The number of persons who left Pakistan is estimated at five million.

The details of this flood of human beings sweeping across the frontiers of the two Dominions can be summed up as follows :—

Province or State of Pakistan	No of Muslims refugees	Non-Muslim evacuees	Increase or decrease in population
The Punjab (till March, 1948)	54,87,000	38,63,000	+ 16,24,000
Sind (till May, 1948) ...	7,07,000	10,72,000	—3,65,000
Bhawalpur (till July, 1948) ...	2,65,000	2,38,000	+ 27,000
Khairpur (till May, 1948) ...	...	55,000	—55,000
Frontier Province ...	31,000	2,69,000	—2,38,000
Baluchistan	9,000	66,000	—57,000
Subsequent arrivals ...	4,00,000	...	+ 4,00,000
	68,99,000	55,63,000	+ 13,36,000

These figures do not include refugees from Jammu and Kashmir who could be no means be less than 4,00,000.

The problem of rehabilitation of the incoming refugees was a gigantic one. However, about six million have already been absorbed in the economy of the country, while the number of refugees who have not yet been absorbed in the economy of our country is still considerable.

The great variety of refugees who came in proved to be a God send gift for Pakistan because, as actual experience has shown, without them Pakistan would probably have failed to survive the set back caused by India's programme of economic strangulation by evacuating non-Muslims with their wealth, business, trade, and callings.

By evacuating Hindus from West Pakistan India had succeeded in creating a big vaccum in economic, political, social and administrative fields. The Hindu capitalists, industrialists and tradesmen left Pakistan with all their money leaving trade, commerce and industry in Pakistan to paralyse and meet a sudden doom. The Hindu and Sikh agriculturists left Pakistan leaving wast tracts of most fertile agricultural land to go barren. Hindu doctors, lawyers, officers and men in civil services left the country's social and and administrative machinery to collapes.

The void created was so wide and varied that it was never possible for the Quaid-i-Azam or his Government to fill. Here again nature helped Pakistan. R. S. S. activities in India designed to destroy the Indian Muslims and the new state of Pakistan actually helped to stabilise Pakistan.

The great killing of Muslims in East Punjab and other Indian States and the consequent exodus of Muslims from there filled up the gap in various fields particularly in agriculture and cottage industries.

The migration of Muslims from all the Muslim minority provinces of India brought in a large number of Muslim capitalists, industrialists and tradesmen who filled up the vaccum in trade and commerce and maintained the fiscal integrity of the State.

The Indian Government's policy of whole-sale dismissals of Muslims officers and the victimisation of Muslims in general provided Pakistan a large number of highly experienced and seasoned officers, doctors, lawyers, technicians, intellectuals and skilled personell so badly needed. Thus the refugees of all sorts of trade, calling and professions from all parts of India successfully and precisely bridged the gulf caused by Hindu migration, in all walks of Pakistan national life and saved the tottering infant state of Pakistan from collapse.

The local inhabitants and the refugees fired with a missionary zeal to sacrifice their all for Pakistan worked the state to such a position of stability, honour and dignity that to day Pakistan, not only economically but in every other respect is definitely in a position which its people can well be proud of.

CHAPTER II

FOOD AGRICULTURE

Agriculture—The classification of areas land in different provinces, including the district of Sylhet, which was formerly a part of the Province of Assam, is given below :—

CLASSIFICATION OF LAND

(In million acres)

Year.	Province or State.	Forests	Not available for cultivation.	Culturable waste other than fallow.	Current fallows.	Net Area sown.	Total area.
1940-41	East Bengal ..	3·0	5·7	3·0	2·4	15·7	29·8
	Sylhet (District) ..	·2	·3	·7	·2	1·7	3·1
	East Pakistan ..	3·2	6·0	3·7	2·6	17·4	32·9
1943-44	The Punjab ..	1·2	6·8	10·5	2·1	16·6	37·2
1937-38	North West Frontier Province ..	·4	2·7	2·9	·6	2·1	8·7
1944-45	Sind	·7	13·4	5·2	5·2	5·6	30·1
1938-39	Bhawalpur State ..	—	·9	1·3	·3	2·0	4·5
	West Pakistan* ..	2·3	23·8	19·9	8·2	26·3	80·5
	Pakistan* ..	5·5	29·8	23·6	10·8	43·7	113·4

*Excludes Baluchistan and States other than Bhawalpur for which figures were not avilable.

It will be observed from the above table, that the area under forests is very small. The area which is not avilable for cultivation is considerable (29·8 million acres), particularly in Sind. Culturable waste land other than fallow is also substantial. It is largest in The Punjab (10·5 million acres) followed by Sind (5·2 million acres) and in East Pakistan (3·7 million acres). However, any substantial part of this area cannot be brought under cultivation without further irrigation facilities.

The bulk of population in Pakistan entirely depends on agriculture. The greatest problem of Pakistan lies in low production and great pressure of population on

land. Large population used to archaic methods of agriculture, suffering from ignorance and disease and lacking the where-withal for modernising agriculture and for establishing industries render the problem a thousand time more difficult. The biggest of these evils is ignorance brought about by lack of education and the subservience of centuries under the foreign yoke whose methods were repugnant to any modern conception of sovereignty of the people and the right of every human-being to live a rich and free life without fear of oppression. The solution of the problem of poverty in Pakistan lies in the solution of its problems of agriculture if two blades of grass could be grown where one grows, the basic problem would have been solved to a large extent. This requires better and modern mechanised methods of agriculture, scientific manuers and better implements. This in its turn necessitates complete change in the system of tenure and consolidation of holdings that are un-economically fragmented to-day. Courageous and revolutionary reforms of land tenure are the sine-qua-non of progress in agriculture and all out drive for intensive and modern farming and eradication of illiteracy to enable the country to reap fully the fruits of these reforms without incurring the dangers of social and political upheavals is essential.

The question of afforestation and of water logging, the problem of providing cheap-power, better communications and dis-eminations of knowledge of modern methods of agriculture and establishing co-operative farming with its con-comitant training in discipline and work for common good are the matters of general interest to be faced at the moment. The question of the system of land tenure which must be solved without further delay should have as its sole objective the infusing amongst the toilers in the field of that sense of

dignity of labour and life which alone could stimulate amongst them the great urge to improve their lives as part of the life of a bigger family. For improving agriculture a good supply of livestock, improved seeds, scientific manure and above all a little capital with sufficient technical knowledge is a necessary pre-requisite which if provided for on co-operative basis is generally likely to produce encouraging results.

Where food and agriculture is concerned, Pakistan is a self sufficient country. The principal crops grown in Pakistan can be devided into three classes:—

(a) Cereals.

(b) Oilseeds.

(c) Fibres.

Under cereals rice, wheat, bajra, jawar maize, barley and gram, under oilseeds rape and mustard seeds, sesamum, linseed, castor seed and under fibres cotton and jute are grown in large quantities. Besides cereals, oilseeds and fibres a large quantity of sugarcane is also grown almost in all the provinces of and states in Pakistan except Baluchistan.

According to the figures of 1947-48 the area under cereals in the whole of Pakistan was 38,184 thousand acres with an yield of 12,543 thousand tons. The details cropwise of the above mentioned figures of the area and the yield are as under:—

The area under rice in the whole of Pakistan was 21,036 thousand acres with an yield of 7,625 thousand tons. The area under the cultivation of wheat was 9,983 thousand acres with an yield of 3,265 thousand tons. The area under the cultivation of bajra in the

whole of Pakistan was 2,072 thousand acres while the total yield was 309 thousand tons. The area under jawar was 1,052 thousand acres with an yield of 210 thousand tons. The area under maize cultivation was 979 thousand acres while the yield was 407 thousand tons. Barley was cultivated in an area of 481 thousand acres with a produce of 134 thousand tons. The gram cultivation covered an area of 2,581 thousand acres and gave an yield of 593 thousand tons.

The area under the cultivation of oilseeds in the whole of Pakistan was 1,686 thousand acres with an yiled of 321·5 thousand tons. The details worked out for each type of oilseeds show that under rape and mustard seeds 1,414 thousand acres of land was covered with an yiled of 247 tons. The area under the cultivation of sesamum was 194 thousand acres with an yield of 34 thousand tons. The area under linseed cultivation was 74 thousand acres with an yield of 13 thousand tons. Castor seeds cultivation extended to 4 thousand acres with an yield of about 500 tons.

The area under cotton was 3,091 thousand acres and the yield was 1,085 thousand bales. This figures denotes an appreciable fall in the acreage and also in the yield of cotton cultivation in Pakistan. This fall is due to the abnormality caused by migration and immigration of millions of people from Pakistan to India and *vice versa*. The entire economy of the country was adversely affected by this exodus and therefore all the figures quoted in respect of other crops are much below the normal.

The area under jute was 2,059 thousand acres with an yield of 6,842 thousand bales The area under sugarcane in the whole of Pakistan was 681 thousand acres with an yield of 883 thousand tons.

The distribution of the above mentioned crops in the province is very uneven due to the varied climate and different types of soil, existing in each Province. While East Bengal has the monopoly of the production of jute The Punjab abounds and has the monopoly of producing wheat, rice production is again very large in East Pakistan and a large portion of sugarcane is produce and cultivated in West Pakistan.

Principal Crops—According to the figures of the year 1947-48 the produce of principal crops in various provinces with their acerage and amounts of yield province-wise is being given in details in the paragraphs that follcws:—

EAST FAKISTAN

Rice—In East Pakistan due to the climate being damp and the soil being fertile and the rainfall being in abundance the production of rice is the greatest in the whole of Pakistan. Rice cultivation covers 18,966 thousand acres of land of which 4,94 thousand acres are cultivated in autumn, 13,347 thousand acres are cultivated in winter and 719 thousand acres are cultivated in summer. These three autumn, winter and summer crops yield 6,737 thousand tons of rice of which 1,432 thousand tons are produced in the autumn crop, 4,985 thousand tons are produced in the winter crop and 320 thousand tons are produced in the summer crop.

Wheat—In East Pakistan cultivation of wheat is rather very little. The area under the cultivation of wheat is only 85 thousand acres with a produced of only 20 thousand tons. The quality of wheat produced in East Bengal is not as good as produced in other parts of Pakistan.

Bajra—The climate and the soil of East Pakistan does not suit the cultivation of bajra. Therefore, this cereal is not generally cultivated in East Bengal. In certain high lands bajra cultivation is tried and in the entire Province it is sown only in about 500 acres and yields something about 300 tons.

Jawar—The cultivation of jawar here is as rare as that of bajra. The area under cultivation does not exceed a thousand acres and the produce remain below 500 tons.

Maize—The cultivation of maize is carried on a small scale in East Pakistan and about 6 thousand acres of land was brought under the maize crops with an yield of only about 2 thousand tons.

Barley—The area under the cultivation of barley in this Province was 73 thousand acres and the yield amounted to 15 thousand tons.

Gram—Gram cultivation in East Pakistan is rather extensive and the produce is quite satisfactory. About 208 thousand acres of land is generally covered by gram cultivation and the yield of gram is estimated to be about 51 thousand tons.

Sugarcane—Sugarcane is cultivated in East Pakistan in about 224 thousand acres and the produce excluding the production of gur from date-palm juice and other sources amounts to 327 thousand tons. There is a great possiblity of developing the produce of sugarcane and manufacture of sugar in East Pakistan. The climate conditions, the rich soil and the abundance of rainfall all go to the favour of sugarcane cultivation and this there are very good chances of sugarcane cultivation increasing day by day.

Oilseeds—Rape and mustard, sesamum, linseed are cultivated in areas of 432,137 and 69 thousand acres respectively with an yield of 78,28 and 12 thousand tons respectively, castor-seeds is neither sown nor grown in East Pakistan.

Cotton—Cotton is also cultivated in East Pakistan but among fibres jute is greatly favoured as it gives the best return to the cultivator. Cotton cultivation covers an area of 55 thousand acres with an annual yield of 14 thousand bales. There are chances of cotton cultivation increasing in East Pakistan but the good returns that jute gives to the cultivator do not encourage any expansion of area under cotton cultivation.

Jute—Jute, the Golden Fibre of East Pakistan, is on what the Province of East Pakistan economically thrives. The soil and the climatic conditions of this province are such that this area has been given by nature a monopoly of production of jute. No-where in India or Pakistan so much jute is produced as in East Bengal. The Provinces of East and West Bengal, as a matter of fact, command the world monopoly of production of jute. In East Bengal alone 2,059 thousand acres of land is used for cultivation of jute. The annual yield of jute is roughly estimated to be 6,842 thousand bales. May be that actual produce is much more than the estimated figures and there is every likely-hood of the area under jute increasing rapidly.* This may take place when East Pakistan raises large number of its own jute-mills and instead of exporting the raw jute starts manufacturing of finished articles made out of jute. When this stage arrives, an average cultivator will get a greater return for this crop than what he gets at present. With every increase in return, increase in

* The area of jute cultivation has been reduced temporarily this year.

area of cultivation of jute is bound to increasei what pace more rapid than the speed of rise in prices of jute and its products.

Tea—The area under tea cultivation is about 75,000 acres and the production about 45 million lbs. Sylhet, Chittagong, Tippera, Chittagong Hill Tracts and Jalpaiguri are the important tea growing districts in East Pakistan.

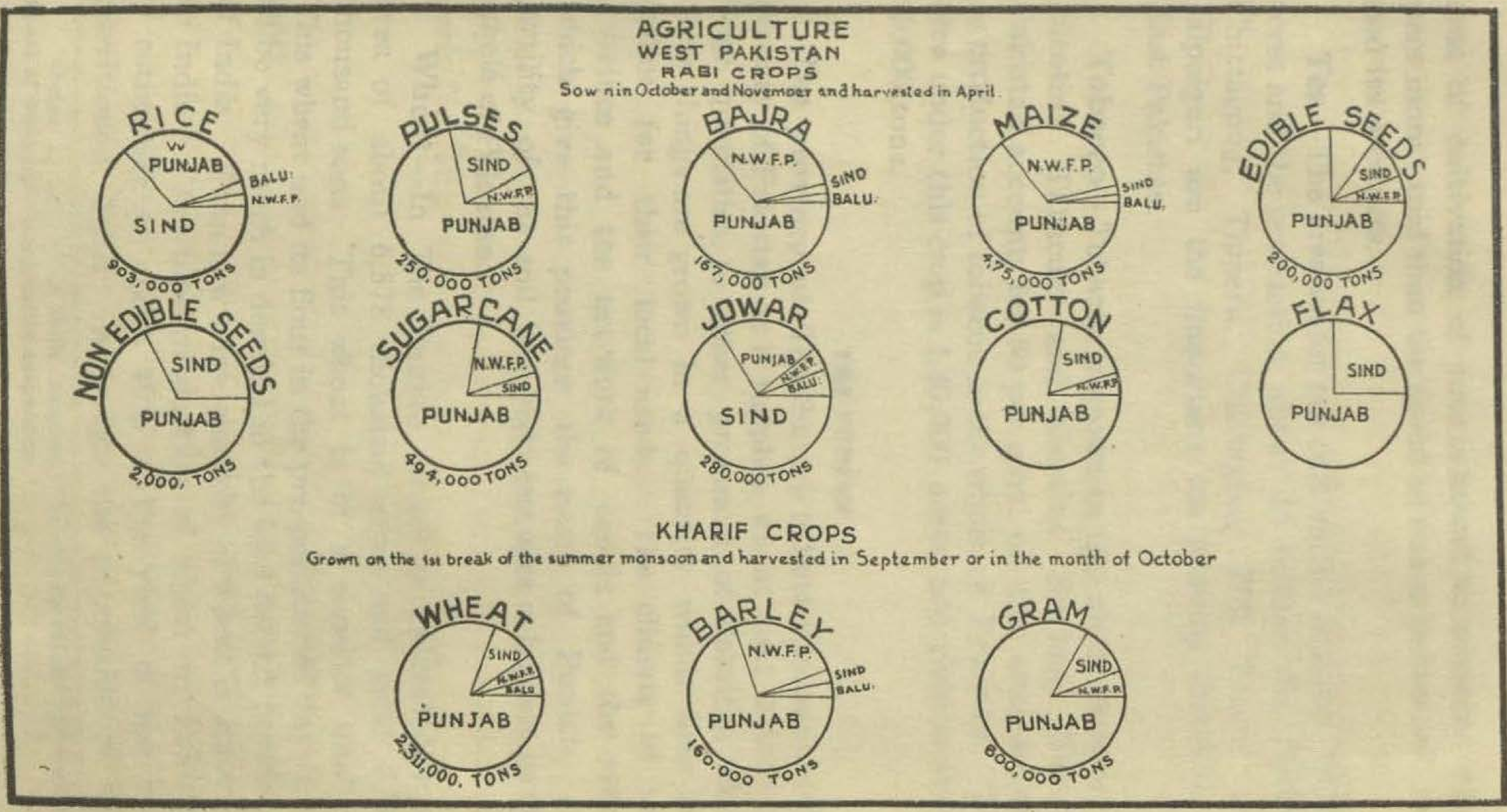
Tobacco—Tobacco is grown in two main varieties—Nicotina Tabacum and Nicotina Rustica. Eastern Pakistan accounts for 80 per cent. of the area as well as production of tobacoo in the whole of Pakistan. The area under this crop is 1,40,000 acres and yield is about 60,000 tons.

THE PUNJAB

The province of The Punjab is better known as the granary of Pakistan as it supplies wheat and cotton in huge quantities to other provinces of Pakistan where these things are grown in a quantity which does not suffice for their local needs. The climate of this province and the net-work of canals and the rivers which give this province the name of Punjab, the fertility of the soil and yield per acre is highest in the whole of Pakistan.

Wheat—In The Punjab wheat is cultivated in an area of about 6,578 thousand acres and yield 2,392 thousand tons. This wheat is of a superior quality. This wheat and its flour in the pre-partitioned days used to be very much in demand in the food defecit provinces of India. Even now large quantity of wheat is exported to India.* The total production of wheat in Pakistan is estimated at about 40% of the yield of the pre-partitioned India. Although the population of this

*Owing to refusal of India to accept the present rate of exchange the export of wheat has temporarily suspended.


AGRICULTURE
WEST PAKISTAN
RABI CROPS
Sow n in October and Novemoer and harvested in April.
RICE
PUNJAB
BALU.
N.W.F.P.
SIND
903,000 TONS
PULSES
SIND
N.W.F.P.
PUNJAB
250,000 TONS
BAJRA
N.W.F.P.
SIND
BALU.
PUNJAB
167,000 TONS
MAIZE
N.W.F.P.
SIND
BALU.
PUNJAB
475,000 TONS
EDIBLE SEEDS
SIND
N.W.F.P.
PUNJAB
200,000 TONS
NON EDIBLE SEEDS
SIND
PUNJAB
2,000, TONS
SUGARCANE
N.W.F.P.
SIND
PUNJAB
494,000 TONS
JOWAR
PUNJAB
N.W.F.P.
BALU.
SIND
280,000 TONS
COTTON
SIND
N.W.F.P.
PUNJAB
FLAX
SIND
PUNJAB
KHARIF CROPS
Grown on the 1st break of the summer monsoon and harvested in September or in the month of October
WHEAT
SIND
N.W.F.P.
BALU
PUNJAB
2,311,000. TONS
BARLEY
N.W.F.P.
SIND
BALU.
PUNJAB
160,000 TONS
GRAM
SIND
N.W.F.P.
PUNJAB
600,000 TONS

area is only 22% of the total population of the pre-partitioned India, the production of wheat is 40% of pre-partitioned India produce. The major portion of this produce is contributed by the Punjab.

Rice—The cultivation of rice cover in this province an area of 799 thousand acres giving an yield of about 294 thousand tons of rice per annum.

Bajra—The cultivation of bajra in this province is carried on in 1,233 thousand acres which gives an yield of about 220 thousand tons.

Jowar—The cultivation of jowar in this province covers an area of 357 thousand acres giving an yield of of 61 thousand tons.

Maize—The area under maize in this province is 452 thousand acres giving an yield of 176 thousand tons.

Barley—Barley is cultivated in 214 thousand acres with an yield of 64 thousand tons.

Gram—Gram is produced in large quantity and a superior type of gram is generally produced. The area under gram in this province is 1,523 thousand acres while produce is 357 thousand tons.

Sugarcane—The cultivation of sugarcane in this province is not extensive but there are great possibilities of the sugarcane cultivation developing into large proportions as soon as sugar manufacturing factories are raised and as soon as the cultivator is assured of the disposal of their sugarcane crop at economic prices. The sugarcane that used to be produced was generally turned into gur which creat an obstacle in the way of

the consumption of entire crop of sugarcane within the limited period when this should be harvested and crushed. Availability of crushing facilities and a suitable price will undoubtedly encourage a great increase in the acreage under sugarcane. For the present only 286 thousand acres are under sugarcane cultivation and the yield is 374 thousand tons.

Oil seeds—Rape and mustard seeds, sesamum, and linseed are grown in an area of 432, 37 and 5 thousand acres respectively with an yield of 61, 4 and one thousand tons respectively. Castor seed is niether sown nor grown in this province.

Cotton—Cotton is the next big crop that is harvested in this province. The quality of Punjab Cotton is also the best that is produced any where in Pakistan or India. The cotton grown in the Punjab is generally exported outside because of the dearth of cotton mills in this country. The establishing of cotton industry in Pakistan is a dire economic necessity of the day. If large number of cotton mills are raised in Pakistan, the area under cotton is bound to increase thereby adding to the prosperity of the State and to the prosperity of the people in general. At present 1,805 thousand acres are under cultivation of cotton. The annual yield is over 604 thousand bales. The cotton grown is of the best variety of long and medium staple. This cotton is generally exported to United Kingdom, China, Europe and United States of America.

NORTH WEST FRONTIER PROVINCE

This province comprises of Hilly Tracts and gets very meagre rainfall. The province is agriculturally rather backward. The principal crops produced in

this province are wheat and maize, although bajra, jowar and barley are also produced in fair quantities. Sugarcane is also produced in a fairly good quantity. The area under wheat cultivation in this province is 1,063 thousand acres with yield of 279 thousand tons. Bajra, jowar, maize and barley are cultivated in 83, 52, 489 and 149 thousand of acres respectively. The annual yield of these crops is 10, 10, 221, 46 thousand acres respectively Gram is cultivated in an area of 169 thousand acres with an yield of 30 thousand tons per annum. The sugarcane crop covers an area of 115 thousand acres and yeilds 129 thousand tons every year.

Oilseeds are very sparingly cultivated and except rape and mustard no other oilseeds is grwon. The area under rape and mustard seeds extends to 77 thousand acres and yields over 11 thousand tons every year.

Cotton—The cultivation of cotton in this province is nominal. Only 6 thousand acres is brought under this crop and yields 2 thousand bales annually.

SIND

The Province of Sind including the Karachi Taluqa which till last year was a part of Sind is mostly an undeveloped area. Its sandy and stoney soil with too little of rainfall and absence of sufficient means of irrigation is mostly uncultivable. The latest Irrigation Scheme known as the Sukkar-Barrage Scheme has helped to increase considerably the cultivated area in this province. Rice, wheat and cotton are grown in sufficient quantities while oilseeds and gram give a fair yield. The cultivation of other cereals and sugarcane is too small. The area under rice in this province and

its yield is 1,163 thousand acres and 553 thousand tons respectively. Wheat is cultivated in 1,156 thousand acres of land with an annual yield of 256 thousand tons. Bajra, jowar, maize and barley are cultivated in 605, 304, 4 and 14 thousand of acres respectively with an yield of 47, 65, one and two thousand of tons respectively. Gram is cultivated in 415 thousand acres of land with an annual yield of 79 thousand tons. Sugarcane covers an area of 10 thousand acres with an yield of 12 thousand tons.

Oilseeds—Rape and mustard seeds are cultivated into 241 thousand acres. Sesamum is cultivated in 13 thousand acres and castor seed in 4 thousand acres with an yield of 46 thousand tons, one thousand tons and 5 thousand tons respectively.

Cotton—Cotton is another important crop after rice and wheat. Its cultivation covers an area of 797 thousand acres and yields 295 thousand bales every year.

BALUCHISTAN

From cultivation point of view Baluchistan is a poor province. The principal crops produced are wheat and rice, but these two are produced in quantities which are in-sufficient and too small as compared to the area of this province. The area under wheat is 265 thousand acres while rice is cultivated only in 54 thousand acres with an yield of 44 thousand tons and 21 thousand tons respectively. The cultivation of bajra, jowar, maize, barley and gram covers an area of 3, 78, 6, 8 and 18 thousand acres while their yield is 5, 10, 2, 2 and 3 thousand tons respectively. The cultivation of cotton in this province is carried on an

ignorable scale only in an area of below 500 acres of land and the annual produce of below 500 bales per year.

ACCEDED STATES

The states that have acceded to Pakistan (Bhawalpur, Khairpur and others) form not an ignorable part where production of food is concerned. The area of these States is big but a small portion of it has been brought under plough. The obvious reason for this is that there is shortage of rainfall, dearth of irrigation facilities, low density of population and bad sandy soil. This un-developed part of our country stands a very grand chance of developing itself into a sufficiently big food producing area. If means of irrigation could be improved and up-to-date methods of water supply manuring along with modern methods of farming are applied, these tracts of land will give out large quantity of food. At present the principal crops produced in Bhawalpur and Khairpur States are wheat and cotton. Rice, barley, jowar, gram, sugarcane, rape and mustard seeds are grown in fair quantities. 837 thousands acres of land is under the cultivation of wheat with an annual produce of 274 thousand tons. Fifty four thousands acres of land is under the cultivation of rice with an annual yield of 20 thousand tons. Bajra, jowar maize, barley and gram are cultivated in 148, 260, 22, 23, and 248 thousand of acres of land respectively, and thier yield per annum amounts to 32, 64, 5, 5 and 23 thousand of tons respectively. Sugarcane cultivation covers an area of 46 thousand acres with an yield of 41 thousand tons. Of the oilseeds rape and mustard and sesamum are cultivated in 232 and 7 thousand acres respectively with an yield of 51 and one thousand of tons respectively. Cotton is grown in 428 thousand acres with an yield of 107 thousand bales every year.

The consolidated area and the yield of principal crops for the year 1945-46 is given in the following tables :—

	Area—lakh acres				Yield—lakh tons	
	East Pakistan		West Pakistan		Total	
	Area	Yield	Area	Yield	Area	Yield
Rice ...	206·7	74·3	24·2	9·9	230·9	84·2
Wheat ...	0·7	0·2	06·7	32·4	107·4	32·6
Gram ...	1·8	0·4	29·2	6·6	31·0	70
Sugarcane ...	2·6	3·9	4·0	4·8	6·6	8·7
Jawar ...	—	—	11·4	2·4	11·4	24
Bajra ...	—	—	23·9	4·7	23·9	4·7
Barley ...	·8	·2	4·5	1·4	5·3	1·6
Maize ...	·1	·4	10·0	4·26	10·1	4·3
Tobacco ...	1·4	·6	·6	0·3	2·0	·9
Tea ...	·8	·2	—	—	·8	·2
Rape & Mustard	4 3	·7	9·9	1·8	14·2	2·5
Linseed ...	·8	·1	—	—	·8	·1
Sesamum ...	1·4	·3	·6	·1	2·0	·4
Cotton ...	·9	·2*	32·3	13·9*	33·2	14·1*
Jute ...	18·2	62·9*	—	—	18·2	62·9*

(* In bales of 400 lbs each.)

KASHMIR

Of the states in and about boundaries of Pakistan the economy of Pakistan is not dependent so much on any of them as on Kashmir. The fate of Kashmir hangs in balance and time alone can tell when and how Kashmir could be able to join Pakistan.

Of the total area of Kashmir, Jammu and Gilgit, 84,471 square miles, 18 lakhs acres are under forests and 25 lakhs acres of land is uncultivable. The cultivable waste land and the grown fallows measure 10 lakhs acres and 2 lakhs 50 thousand acres respectively. The net area under plough is 22 lakhs acres. Of this area only 7,70,000 acres of land is irrigated by tanks, wells and private and

Government canals. Of the cultivated area 5,27,750 acres are under rice, 5,87,170 acres of land mostlyin Jammu and Mirpur produce wheat, 65,406 acres produce barley, 17,587 acres under bajra, 7,86,959 acres produce maize and one lakh acres are under oilseeds. Cotton, saffron and tobacco are also produced in fairly large quantity. The climate of this valley is eminently suited for the production of fruits. Wal-nuts, almond, apples and pears are grown plentifully. Olitary crops like cabbages, cauliflowers, beet-root, artichoke and asparagus are grown in huge quantities. Rice is the staple food of the inhabitants. Maize, wheat, barley, and beans come next. Large areas of cultivable land are lying waste and afford a golden opportunity for the new settlers to go there and to take to agriculture, horticulture, poultry farming, bee-keeping, dairy farming and vegetable growing.

The economy of the state is predominently agricultural. Some industrial development has taken place and Kashmir is famous for its wood carving, papier mache, needle work, silver work, carpets and shawls. The main income of Jammu and Kashmir State is derived from forests. Out of timber and goods produced within the state only 10 per cent. is used locally and the rest is exported through Indus, Jhelum and Chenab rivers to the Punjab. Fruits and vegetables and other products find their markets in Rawalpindi particularly and the entire Pakistan has always been the principal market for Kashmir goods. The main markets for the export of woollen carpets, etc. from Kashmir also lie in the Punjab and the North West Frontier Province. The export of wood works and the other products of cottage industry though not very large find their way in West Pakistan. The tourist traffic which is another

source of trade has its main route through Rawalpindi in the Punjab. The close ties which bound Jammu and Kashmir to Pakistan are evident in the field of imports as well as that of export and an examination of main imports and exports in Jammu and Kashmir State shows that the state is entirely dependent upon Pakistan for its economic life. By design of nature the economic destiny of the state is undissolubly linked with Pakistan and the main arteries through which merchandise passes into the state and out of it run through Pakistan. If the State of Jammu and Kashmir is economically dependent on Pakistan, it is equally true that the economic life of the Punjab and Sind is dependent upon the rivers of Kashmir. The Chenab and Jhelum rivers and a number of canals from these rivers irrigate millions of acres of land in Pakistan.

AGRICULTURAL PLANNING AND RECONSTRUCTION

Pakistan is predominently an agricultural country with wast potentialities for the expansion of the existing and introduction of new industries connected with agriculture. Ninety two per cent of population in Pakistan depends upon agriculture and 75 to 80 per cent of Pakistans' national dividend is provided by agriculturists. The importance of agriculture for Pakistan economy is therefore overwhelming. During the British period it did receive some attention but that attention was wholely in-adequate. The British government tinkered with the agricultural problem and could achieve meagre results. Twenty six million acres *i.e.* 22·6 per cent of the total land is the cultivable waste which can be brought under cultivation. The State, therefore, shall have to continue to invest large sums of money in irrigation schemes for long time to come. Thal and Sind projects and Baluchistan

schemes will bring only 3·6 million acres of waste land under cultivation, still leaving 224 million acres un-irrigated.

The agricultural yield per acre in Pakistan is much lower in comparison with other countries. The income per capita in Pakistan is consequently at a lower ebb. It is abcut one sixteenth to that of income per capita of United Kingdom and about one nineteenth to that of United States of America. Raw material constitues eighty per cent of our export of which 52 per cent is raw cotton alone. Foreign trade and industry are both dependent upon agriculture. The solution of food problem, the development of industry and expansion in foreign trade entirely depend upon development of agriculture which in turn depends upon the increased productivity from the soil. A full blooded programme of economic development is the sine-qua-non of an increase in the miserably low standard of life of our masses. Industrial reconstiuction will not bear fruit without basic re-organisation of our existing agricultural system. This re-organisation cannot be achieved unless the state steps in and plays an active part. This re-organisation and future planning must be done keeping in view the three objectives *viz.* :—

1. Increased productivity both qualitative and quantitative.
2. Moie equitable and economic distribution of land.
3. Greater financial stability to the cultivators and tillers of the soil.

Possiblities of increased production may be found partly in the extention of areas under cultivation and partly in the more efficient and intensive cultivation of the land already under plough. The possiblities of

extensive cultivation are not considerable and reliance will have to be placed mainly on intensive cultivation. The second objective of the more equitable and economic distribution of land cannot be achieved without a reform of the land tenure system. The proprietary rights of land lords must be liquidated, and land ownership should be conferred upon the actual tillers of the soil. The dangers of sub-division and fragmentation of holdings must be carefully guarded against and cultivation on cooperative basis should be encouraged. The third objective concerns the control of various factors that contribute to the instability of economic life in rural areas. Along them are droughts and floods, pests and diseases of plants and above all the national and international forces leading to fluctuations in the price of agricultural products. This should be properly guarded against and to cover the risk efforts should be made to adopt a policy of stabilisation of the price of agricultural produce. The other possibility of reducing the risk of price fluctuations lies is comprehensive policy of crops planning. Increased irrigational facilities, drainage scheme, plans to control floods and pests will to a great extent tend to minimise the danger of price fluctuations. As far as general improvement in the agricultural conditions is concerned, some methods that can be suggested are :—

1. The Government should open machinery and implement depots to provide improved agricultural implements and to facilitate their repairs and replacements.

2. Legislation for bringing improved variety of seeds in use for sowing is necessary. The supply of seeds should be controlled by the Government and for this purpose large commercial seeds producing farms should be established at easy distances.

3. Improved fertilisers and better manure should be made available at cheap prices.

4. Agricultural training should be imparted as a compulsory subject in the schools situated in country side. Education of improved methods of farming, mordern methods of fighting the insects and pests menace and improved methods of storage must be widely imparted.

5. Land tenure system should be improved so as to give greatest security to tiller of the soil and consequently to induce him to put his heart and soul and invest money in improving the soil and the allied agricultural devices.

6. The law of inheritance should be so designed that without violating the basic principles it may succeed in voiding the fragmentation of holdings.

7. There are no laws to govern or to portect the interest of agricultural or the land-less agricultural labourer. It is essential that agricultural labour laws be framed so as to make the economic life of land-less agricultural labour stable.

8. Development of dairy and other cottage industries for providing work to the cultivator as well as to the agricultural labourer in the off season when they have almost a free time.

9. The last and not the least important point is the facility for marketing of the agricultural produce on an economic and stable prices with least of inconvenience and botheration.

AGRICUATURAL CO-OPERATIVE MOVEMENT

(a) **Marketing**—Each agricultural commodity that is produced passes through a number of hand before it reaches the ultimate consumer. There is a chain of

intermediaries between the producers and the consumers. Some of whom are nodoubt indispensible but others can be dispensed with to the advantage of both the producers and the consumers. The producers' share of the price generally paid by the consumer is 50 to 60 per cent. The methods of marketing of agricultural produce are extremely defective and out of date. No material improvement in the agricultural economy is possible unless adequate attention is paid to the methods of marketing of agricultural produce. The existing system is that agricultural produce are sold in painths or hats which are held on week days or often twice a week at certain places.

This medevial system of marketing need to be replaced with the modern system of cooperative marketing in an organised and controlled manner. In these painths and hats the cultivators lose tremendously through a variety of tricks and due to low rates offered to them and due to unreliable weights and measures.

The second centre of disposal or sale of the agricultural produce are Mandis. These mandis or the wholesale markets are owned and controlled by private individuals. The conditions prevailing in these mandis are more or less similar to that prevailing in hats or painths. For improving these conditions it may be suggested that the disposal of agricultural produce may be organised by the Government on cooperative lines or on the lines which may eliminate the present defects of painths and mandis. Government should control and organise the markets and prescribe suitable standard of weights and measures and should fix the rates and charges payable to various sales agencies present in the hats and mandis. Efficient and quicker means of transport should be provided including transport by road, rails, water-ways.

An strict watch should be maintained on the activities of the market functionaries and these activities should be regulated according to the needs and requirements of a particular locality.

MARKETING INTELLIGENCE

First hand informations should be supplied to the marketing centres and to the cultivators though Government publication, trade papers, newspapers radio broadcasts and private agencies. The storage system of storing the grain in kothas or khattis should be discontinued and should be replaced with modern type of ware houses so that the margin of loss or damage to the grain un-scientifically stored may be reduced from the present high figure to its minimum.

Cultivators are generally financed by money lenders Arhatias or grain traders who charge exhorbitantly for the advance that they make to the cultivators. If marketing is encouraged through trade associations and co-operative societies, the function of advancing money to the cultivators in the hours of need may be usefully exercised at a low rate of interest and to the best advantage of the agriculturist as a class. The existing system of the arhatis charging dolahi, tulai, palledari charity karda, dhalts, munim and shagird charges will also be got rid of.

The creation of regulated markets in which proceedings are governed by a set of rules or by committees have else where proved very advantagous both to the buyers and sellers. Therefore, there is a good case for introducing this system in Pakistan also.

AGRICULTURAL FINANCE

(Co-operative Banks and Co-operative Credit Society)

In the present agricultural and land tenure system the owner of the land is generally not the cultivator.

Generally lands are cultivated by cultivators who have little or absolutely no interest in the land. They pay either annual rent in cash or they cultivate the land on battai system. This system of battai varies from place to place and from group to group. It is generally between one third and two third of total yield. The cultivators being extremely poor are always in need of credit for raising seasonal crops. This credit is provided either by landlords or money-lenders, and in few cases by the Provincial Governments. The co-operative credit societies started some times ago proved ineffective and could succeed only in touching a fringe of the agricultural population. Private money-lenders remained popular and continued lending money not only to the cultivators but also to the Zamindars. These money-lenders were generally non-muslims who on creation of Pakistan have all at once migrated to India. A gap has consequently been created in the agricultural credit structure of the country. This present gap affords a very great opportunity for eliminating the money landing system as individual enterprise replacing it by the co-operative credit societies and the agricultural banking system.

Agriculturists generally need credit for the following purposes:—

1. Seasonal agricultural operations.

2. Improvement of land.

3. Purchase of land, cattle and agricultural implements.

4. Payment of old debts.

5. Presonal expenses mostly ceremonial charges.

Under the present conditions local Governments should undertake to arrange and provide credits, for seasonal agricultural operations, improvement of land and for purchase of live-stock and agricultural implements, though co-operative banks. There appears no other agency more suited to provide credit to the agriculturists than the co-operative banks. But the co-operative banks generally have limited resources. They are run mostry on short-term deposits and can neither undertake long-term credit nor they can lend without proper security. To bring all agriculturists within the credit operations of the co-operative banks it will be necessary tc carry on suitable land reforms which to establish the condition of agriculturist are already over due. Efforts should be directed to the solution of all economic rural problems of which credit is only one and most important.

AGRICULTURAL RESEARCH

Before the partition of the sub-continent of India the work of agricultural research was organised by the Indian Council of Agricultural Research assisted by a number of distinct and independent commodity committees each having its separate organisation, separate funds and separate research stations. Partition found the headquarters of all these organisations on the other side of Pakistan's borders.

Agriculture is our main industry and for a very long time to come it will occupy the predominent position in our national ecoromy. Its development depends among other things on proper and continued research. It, therefore, becomes extremely necessary to create an organisation of our own to carry on the research work. Expert committees should be appointed to investigate, survey and report along with their recommendation, the

existing food and agricultural position in our country and to constitute food and agricultural council. It will be worth-while to bye pass and short-circuit the circumlouctory processes of finance and administerative offices and to implement the recommendations of such committees straight of. This cutting short of the executive processes is likely to be helpful more to the country's agricultural progress. Any delay in the implimentations of recommendations for improvement in agriculture will retard the country's over all progress. Independent organisation to carry on the research of all kinds of agricultural commodities should be created and the energies of each committee should be concentrated on only one object of research. The greatest attention at the moment is required to be paid to research on jute and cotton. Of course equal attention will be required on the main items of food. The development of tobacco and sugarcane is also an urgent necessity which shouid be attended almost immediately.

There used to be an Indian Central Tobacco Committee and Indian Central Sugarcane Committee. We may have commitees here on the same lines with almost similar functions and powers.

Sugar—Recently recovery of sugar per acre in certain areas of Pakistan has been noticed to be speedily going down. The Sugarcane Research Committee since it comes into existence should organise sugarcane research and start a sugarcane research station and experimental farm. Our annual produce of 30 thousand tons of sugar is against our total requirement of 2 lakhs 30 thousand is much short. This shortage is some how to be made good and efforts have got to be concentrated in making our country self-sufficient in the supply of sugar. It should be our aim to reduce dependency of Pakistan

on foreign supply and make her as far as possible selef-sufficient.

Tobacco—Our aim should be to evolve and encourage cultivation of tobacco of that quality and grade which might be required by our cigarette industry. A great deal of research is required and all this work would necessitate considerable expenditure and continued efforts. The research committee for tobacco will, therefore, have a very important work to do.

Food Grains—Research on all agricultural commodities is undoubtedly the crying need of the hour in which food grains, oil-seeds and fruits claim priority which should be granted without hesitation. Pakistan has in a normal year a small over all surplus of food but always had a small deficit as far as its demand for rice is concerned. In any year the over all surplus of food grains can disappear and even can change into an over all deficit. The likelihood of the surplus changing into deficit becomes still greater when we see the rapid pace at which our population is increasing. The annual percentage of increase of population in East Pakistan alone is 1·6 per cent. *i.e.* roughly 7 lakhs per annum. In order to keep pace with these factors it is essential to take every possible measure for increasing our food production substantiality. Our average yield per acre is one of the lowest in the world and therefore there is large scope for increase. A modest estimate would put the figure of possible increase at 50 per cent. at the minimum.

A loss estimated at 5 to 10 per cent. now being caused to food-grains by defective storage also needs careful attention. Every effort should be made and there is every possiblity that an organised effort to introduce

scientific methods of storing grain could decrease this colossal wastage appreciably.

Oilseeds—The total production of oilseeds in Pakistan is less than its demand. To keep pace with our demand and to make ourselves independent of foreign markets the production of oilseeds must be increased. The cultivation of linseed which is required for industrial purposes must be expanded. The cultivation of ground-nuts which has so far not succeeded should be made possible in order to help various industries. The cultivation of copra in the western part of the country needs investigation. A central oilseeds committee of carry out research and improvement in the cultivation of oilseeds in urgently needed.

Fruits—As regards fruits we have in certain parts of West Pakistan climate and soil that is ideal for fruit growing. This industry is seriously handicap by various pests and diseases which play havoc due to the ignorance and lack of interest on the part of the fruit growers. This requires our particular attention. A committee of experts for dealing with problems connected with fruit growing may be raised. Put to serious work this committee from the very start is likely to prove useful. There is vast scope for improvement, and a little propaganda and advise on horticulture will result in increased supply of fruits to local as well as foreign markets.

Livestock—Very intimately connected with development of agricultural commodities is the improvement of our livestock. Many old and new problems face us. Some of our breeds are world famous. Even our best breeds can be improved still more and expanded for meeting the extensive demand for export.

Shortage of good milk in the urban areas, evolution of separate breeds for draught and milch purposes, shortage of good cattle in East Pakistan and Baluchistan, necessity of introducing of artificial insemination in Pakistan, lack of concentrates of cattle feed and separation of sheep and goat breeds for mutton and wool purposes are some of the problems, that await extensive investigation and close research. A committee cf experts for carrying out this work is badly needed. It has great work to do and much to achieve.

Financing of Research—Agricultural research is nct only the urgent need of our countries' agricultural economy, but is in my opinion the very life's blood of Pakistans' economics. No expenses should be considered too big for creating these committees of experts and the council of agricultural research. It may be suggested that legislation on the lines of Indian Agricultural Produce Act may be passed and the various committee may be financed out of the various cesses levied on various products. If the cesses do not suffice, the Government should undertake to finance these committees and the Central Council of Agricultural Research out of the nations' fund. Various schemes drawn by these committees and council may require huge expenditure for experiments and it should be our nations' concern to finance it for their own advantage.

IRRIGATION

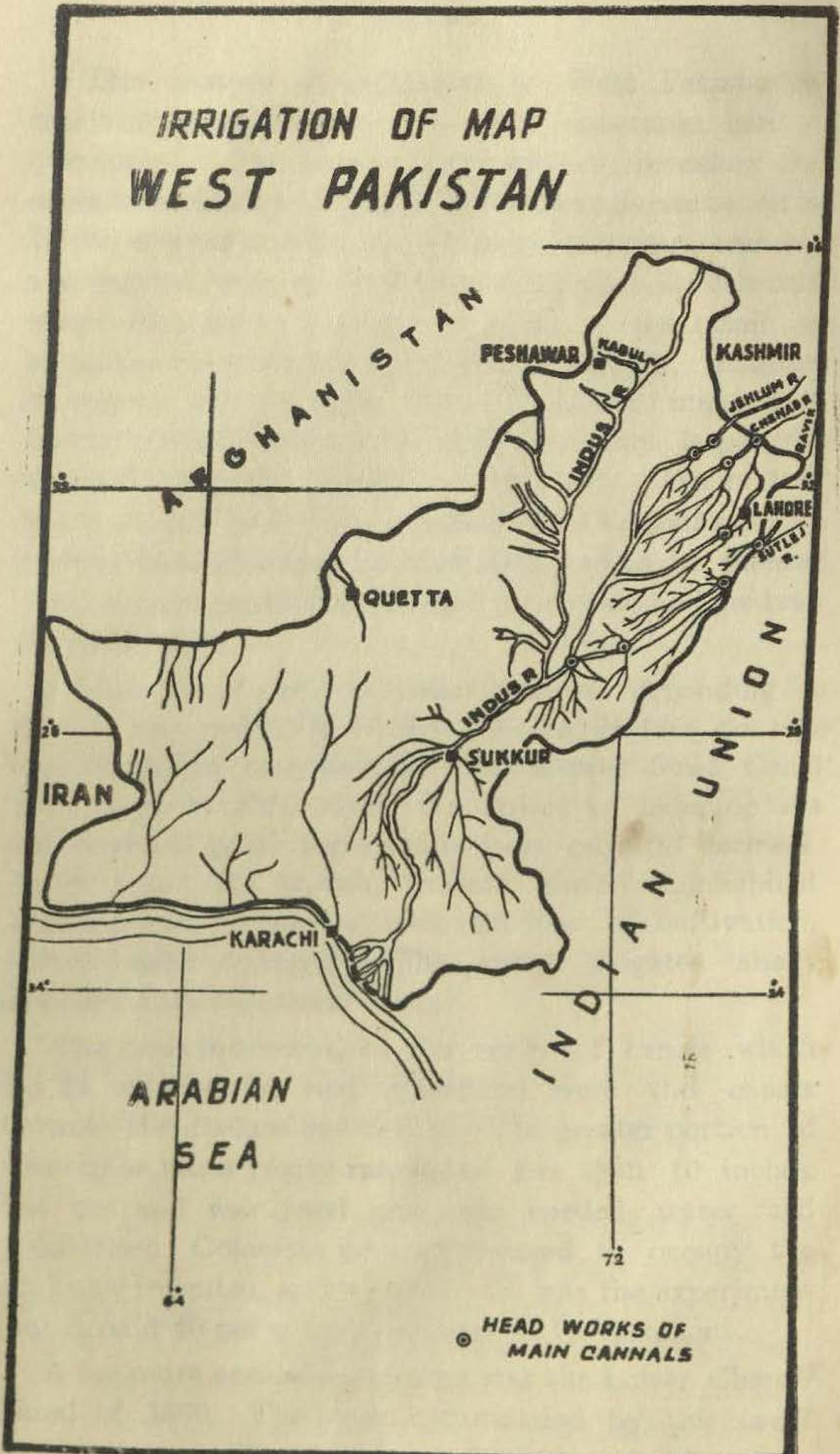
West Pakistan's irrigation system is made possible by the rivers Sutlej, Ravi, Chenab and Jhelum, which rise in the Himalayas and flow southward, quartering the great Punjab plain until they join the mighty Indus in its two-thousand mile journey to the sea. The water supply cannot fail unless the glaciers of the Himalayas should disappear.

The history of irrigation in West Pakistan is a story of difficulties patiently and sometimes heroically overcome. The preliminary survers necessary have often been carried out under extremely adverse conditions. In the deserts of the Punjab the temperatura was often 110 degrees, with no shade and with only a little brackish water to drink. Constant illness of the staff and labourers made progress slow and difficult, Engineers of genius had to fight the limitations imposed by Government in defence of schemes much larger than seemed financially feasible at the time. Waste lands when irrigated were not of much value without colonists, so that vast schemes of colonisation had to be planned, and the new populations needed protection and guidance at every hand.

After the failure of canal projects depending on private enterprise, Government decided in 1866 to take over irrigation construction. The Lower Swat Canal was begun in 1876, with the object of inducing the tribesman to settle down and become peaceful farmers. In 20 years the barren, treeless, almost uninhabited country had become a wide expanse of cultivation, dotted with villages. The canal irrigates about one lakh sixty thousands acres.

The most interesting of the series of canals which led to colonisation and settlement were the canals between the Jhelum and Sutlej. The greater portion of this region has a yearly rainfall of less than 10 inches, but the soil was good and only needed water and population. Colonists were encouraged to occupy the land now irrigated, and so successful was the experiment that it paid 40 per cent. in revenue to Government.

A far more ambitious scheme was the Lower Chenab Canal of 1890. The area commanded by this canal exeeds three million acres, one of the world's great



IRRIGATION OF MAP
WEST PAKISTAN
AFGHANISTAN
PESHAWAR
KABUL R
KASHMIR
JEHLUM R.
CHENAB R
RAVI R
INDUS R
LAHORE
SUTLEJ R.
QUETTA
INDUS R
SUKKUR
IRAN
KARACHI
INDIAN UNION
ARABIAN SEA
64
72
HEAD WORKS OF MAIN CANNALS

irrigation works. The area was mapped out in squares of 27, 25, or 16 acres' each square with its separate inlet of water. The squares were sub-divided into one acre fields by the cultivators, and grouped in villages of one thousand five hundred and two thousand acres. Peasants were offered one square, yeomen 4 or 5 *i.e*. 104-130 acres, and capitalists up to 500 acres. Each colonist was given the land for 3 years; if at the end of the period the settler was satisfactory, he was given a permanent right of occupancy, but he could not give, sell, or mortgage his property; it was, however, hereditary. Only the purchasing capitalist had full proprietory rights.

In the Jhelum and Bari colonies the railway was brought in before colonisation and towns were laid out. In 10 years the population increased from 8 thousands to 8 lakhs. Even the nomads became cultivators.

The triple canals project is one of the most remarkable pieces of engineering imagination and accomplishment in the world. A large area to the west of the Sutlej the Bari Doab needed irrigation. The Chenab and Ravi had no water to spare, the Sutlej water was required to irrigate the territory on its own banks. The engineers proposed to take the water from the Jhelum, the most weterly of the four Indus tributaries, and bring it by canal to the Chenab and turn it into the Lower Chenab Canal. The water from the Chenab, not now required for its own canal, was tapped higher up by another great canal and the Chenab waters, conducted through another desert waste, which is irrigated enroute, were taken in a level crossing over the third river, the Ravi, to irrigate the Lower Bari Doab region.

This great scheme was completed between 1912 and 1915. It consists of 433 miles of main canals: the total area commanded is 3,997,000 acres, or 6,250 square miles.

So far the irrigation of Sind had received comparatively little attention, and the great Indus itself remained almost untapped. The design for a barrge at Sukkur and preparation of the canal projects were finalised in 1919-20. This project was to be the most spectacular yet attempted in West Pakistan; comprising the mile-long barrge across the Indus and 7 large canals, 4 at one end of the great dam and 3 at the, other, it is the largest irrigation work of its kind in the world.

Its canal system irrigates an area of nearly 6 million acres, equal to one-quarter of the area of England, or about one-fifth of the total irrigated area of Pakistan, which is 30 million acres,

The largest of the Sukkur canals, the Eastern Nara and the Rohri, are 226 and 208 miles long respectively. The total discharge of the canals is 46, 617 cusecs, more than 3 times the maximum discharge of the Thames at London Bridge. The Eastern Nara alone almost equals the Thames in volume. The water-courses, old and new, utilised in the barrage system would go nearly twice round the world,

The cost of the barrage and canal head regulators was Rs. 4.04 crores. The maximum number of labourers working on the project at any one time was 60,000, the excavation being divided between manual labour and dredgers. These figures may give some idea of the immense scope of the project and the planning and labour involved in its construction.

The barrage gives an unforgettable impression of strength and beauty, sweeping straight across the great river for almost a mile in a two-tiered series, of graceful arches, supported by massive piers thrust into the stream. At either end are the head-regulators of canals, spanned by arched regulating walls.

Preliminary work on the site started in 1923. Townships had to be built on both banks, with hundreds of living quarters, hospitals, shops and recreation centres. Twelve miles of metalled roads were laid, 40 miles of track to connect Sukkur with the broad gauge railway. Cut-stone for the barrage was obtained from a quarry at Rohri, over about 3 miles of narrow gauge rail. The immense amount of stores and machinery necessary for this gigantic project had to be assembled. The barrage fleet numberd 4 steam tugs, 4 launches, and 40 hundred-ton barges.

Work on the barrage itself started in September, 1926, and the whole scheme was formally opened on the 13th January, 1932.

The area irrigated by the barrage, nearly 6 million acres of land in a country side where the average rainfall is 2 to 3 inches, produce annually over a million tons of wheat, half a million tons of rice and millet, and about 90 thousand tons of cotton. The barrage changed the desert into the "granary of the East".

Pakistan's total area is 200 million acres, cut of which 155 million is still uncultivated and 170 million un-irrigated; there is still immense scope for the extension of the canal system. Two multi-purpose hydro-electric schemes are in hand, one at Warsak in the North-West Frontier Province, the other at Rasul in the Punjab. These will provide for Pakistan's industrial expansion programme and water for irrigation. Four more irrigation projects are being launched, two in the Punjab and two on the lines of the Sukkar Barrage at Ghazi and Kotri on the Indus. These new projects when fully developed will bring a further 12 million acres of land under cultivation.

A new era has also begun in regard to wells. In many ways well-irrigation is the most satisfactory of all, as the water, being difficult to obtain, is used with care; canal water is often used too lavishly and the ground becomes waterlogged. Government is now introducing small power pumps, which are useful when 2 or more wells can be linked together. The engineers of the Department of Agriculture are available to bore new wells. Large numbers of tube wells are being manufactured in the tube well workshops in Lahore for irrigation in the Lyallpur, Jhang, Sheikhupura and Sargodha districts under the Ravi River Scheme. Electrical power for these wells will be provideded by the Rasul Hydro-Electric Works.

The Irrigation Research Institute in Lahore, started 25 years ago as a modest laboratory to investigate problems peculiar to certain aspects of irrigation engineering, is now interationally recognised as one of the premier research institutes of the east. Future irrigation projects and those in hand will be greatly facilitated, as identical conditions can be reproduced by means of models in the Institute, thus avoiding the costly delays caused by faults in the actual constructions.

The following table shows the irrigated area in different provinces of Pakistan.

(In million acres)

Province		Area of crops irrigated	Net area sown	Percentage of the area of crops irrigated to net area sown
The Punjab ...	...	17·6	16·6	106·0*
Sind ...	...	6 4	5·4	114·3*
North West Frontier Province		1·1	2·1	52·4
Western Pakistan	...	25·1	24·3	103·3*
Eastern Bengal ...	...	1 9	15·7	12·1
† Total	...	27 0	40·0	67·5

*It is the area of crops irrigated and not the net area. Where two crops are grown have been counted twice, provided both crops were irrigated.

†Excludes Baluchistan and States and Sylhet.

Live Stock—Live stock plays an important role in the agricultural economy of Pakistan. Mechanised agriculture being unknown, it is practically the only source of power available for the various agricultural operations. Besides, it is the source of milk and milk products, meat, hides and skins, wool, bones, farmyard manure, etc.

The livestock population of Pakistan is given in the table below:—

LIVE-STOCK POPULATION

(In lakhs)

—	East Pakistan	West Pakistan	Total Pakistan
BOVINE POPULATION			
Cattle	113·1	89·9	203·0
Buffaloes	5·4	48·5	53·9
Total ...	118·5	138·4	256·9
NON-BOVINE POPULATION			
Sheep	3·0	45·5	48·5
Goats	32·7	45·2	77·9
Total ...	35·7	90·7	126·4
Horses and Ponies ...	—	6·0	6·0
Mules and Donkeys ...	—	12·8	12·8
Camels	—	4·0	4·0
Poultry	234·6	62·9	297·5

Bovine Population—The male cattle, namely the ox and the buffalo, is the main source of motive power. The ox is more easily managed than the buffalo and is comparatively economical. Besides it can be used all the year round whereas the buffalo cannot be used in hot weather. The milk yield of the female buffalo is much greater than that of the cow.

The bovine population of West Pakistan is more than that of East Pakistan, whereas its humam population is smaller than that of East Pakistan. Thus we find that West Pakistan is better provided with animal power. The per capita consumption of milk is also much higher than in East Pakistan.

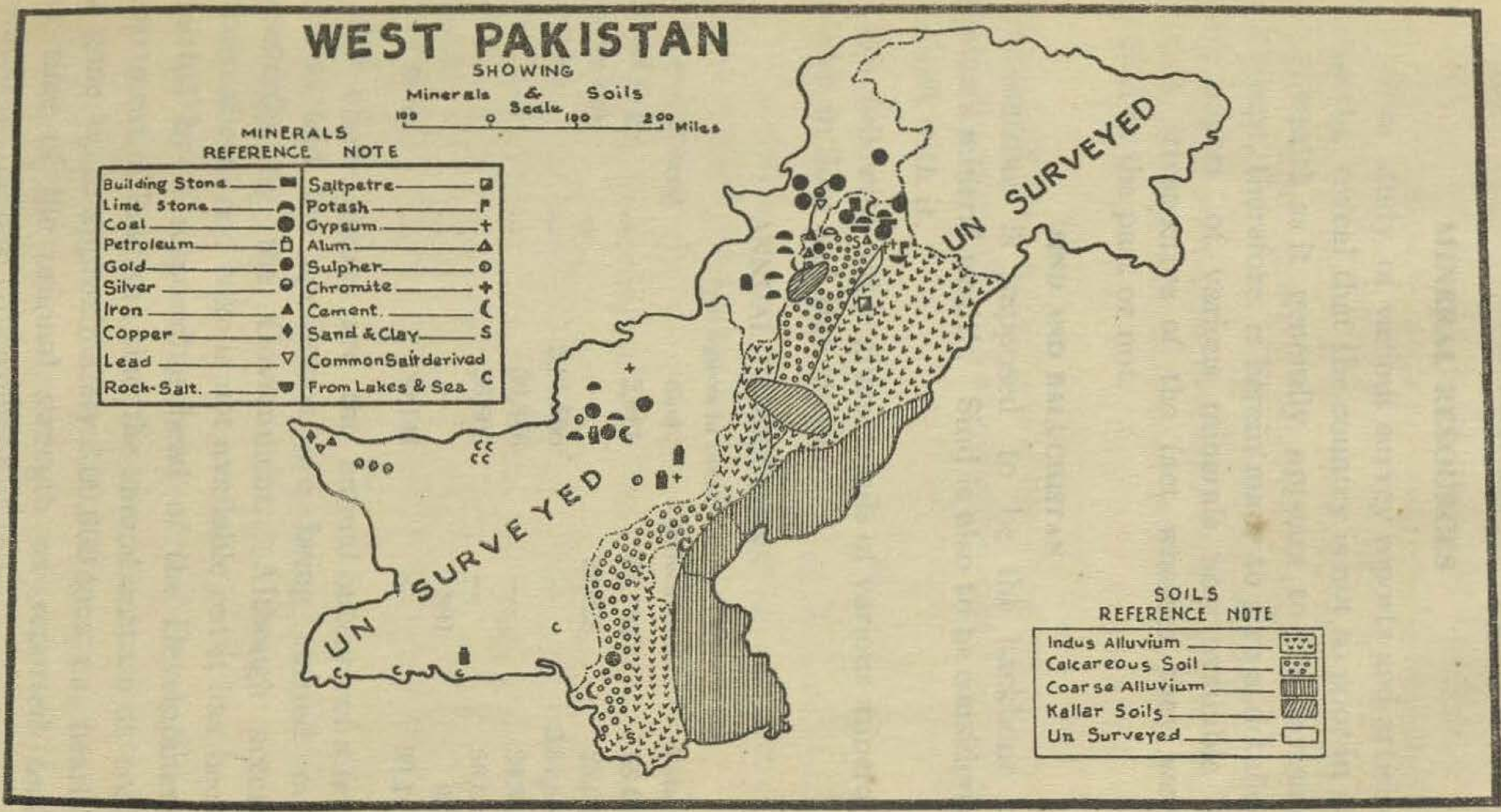
Though the total bovine population of Pakistan is rather large, its quality leaves much to be desired. This is a great drain on Pakistan's fodder resources, for there is not much difference in the consumption of fodder by cattle whatever may be its quality.

Therefore, a reduction in numbers and an improvement in the quality of its bovine populatian would be to the advantages of Pakistan. This is possible through breeding, better feediug, and more efficient disease control.

The sheep population of Pakistan is almost entirely confined to West Pakistan, which has thus fairly good supplies of wool. The goat population is well distributed between the two Pakistan Zones.

The number of horses, ponies, mules, donkeys and camels is not very large, as bullocks and buffaloes are the main source of power for agricultural work and transport. The poultry resourses are enormons, East Pakistan being the richer of the two Zones.

The exchange of population was accompanied by removal of livestock from West Pakistan. Definite figures relating to the removal of cattle from West Pakistan are not yet known. In order to conserve cattle wealth, restrictions were placed·on the slaughter of cattle in certain areas. Pakistan will have to be vigilant about her livestock resources for some time to come.


WEST PAKISTAN
SHOWING
Minerals & Soils
Scale
100 0 100 200 Miles
MINERALS
REFERENCE NOTE
Building Stone
Lime Stone
Coal
Petroleum
Gold
Silver
Iron
Copper
Lead
Rock-Salt.
Saltpetre
Potash
Gypsum
Alum
Sulpher
Chromite
Cement
Sand & Clay S
CommonSalt derived
From Lakes & Sea C
UN SURVEYED
UN SURVEYED
SOILS
REFERENCE NOTE
Indus Alluvium
Calcareous Soil
Coarse Alluvium
Kallar Soils
Un Surveyed

CHAPTER III

MINERAL RESOURCES

A close study of various survey reports and articles by experts, reveal that the country is not so poor in its mineral wealth as it generally appears to the layman. An attempt, therefore, is herein made to give a detailed survey report of various minerals now available in Pakistan, irrespective of the fact whether they were exploited in the past or not.

SIND AND BALUCHISTAN

Baluchistan is supposed to be the backbone of Pakistan's mineral wealth. Sind is also to be considered and dealt with it.

The following table gives details of various minerals available in Sind and Baluchistan—

ANNUAL PRODUCTIONS

(All figures in tons)

Name of Mineral		Sind	Baluchistan	Total
Coal and Coke	...	2,911	52,794	55,660
Chromite Ore	...	—	23,028	23,028
Limestone	...	2,81,560	—	2,81,560
Clay ...	...	30,346	—	30,346
Stone ...	...	56,606	—	56,606
Gypsum ...	...	—	881	881
Metaleferous	...	30,141	—	30,141

The above figures are the annual outturn of a few minerals and the operations are being carried out successfully by the Government. Although actual outturn of coal and coke is not available but it has been admitted by a responsible head of the Development Department of Pakistan that the annual outturn of coal has gone up to approximately 2,00,000 tons, *i.e.*, nearly four time of the original strength as reported and operated by the late Government of India.

Antimony—Antimony is a crystalline metal used in medicine. The lead slags at Shekran in Jhalawan (Baluchistan) have been found to be highly antimonial.

Chromite—Chromite is a mineral consisting of oxide of chromium and iron. Chrome iron are available in Baluchistan and it is reported that the deposits were found in segregated masses of serpentine along the hills bordering the Zhob Valley and in the upper Valley of the Pishin-river.

Coal—In Sind, coal is available in Laki Range among the Ranikot beds of shales and sandstones. It is also available at Iynyan north west of Kotri.

Coal is also mined at Khost in the Sibi district of Baluchistan, in the Lower Eocene rocks containing some pyritiferous (mineral compounds of metals with sulphur or with arsenic or with both) shales. Large quantities of coal are available only in Baluchistan. The latest report reveals that the annual output is 55,660 tons.

Iron Ore—Only brown hoematite of very low grade is secured from the limestone and sandstone beds in some parts of Kohistan. Thorough survey of the locality to find iron ore deposits at Tatta will bear fruit.

Flint—Cores of first class flint nodules are found in the Nummulitic limestone beds, e.g. near Sukkur and Rohri.

Clays—Coloured clays of various kinds are discovered in the Lake Range, near Bhagothoro. These are good for colouring cement tiles, etc. and must be properly exploited. There are chances of securing fire-clay from some of the gaj deposits of Sind.

Petrol—In Baluchistan there are numerous indications of the presence of petroleum but often either the structure is so compressed as to prevent the accumulation of large deposits, or to the petroliferous (stony) horisons have been deeply eroded. However, possiblities are not wanting in this region for excessive accummulations of petrol in both the units of Pakistan (Sind and Buluchistan). The experts must now concentrate their attention to tap the sources of supplies in this region.

Salt—Karachi has got the most fomous Mauripur Salt Works. Almost all the salt is obtained by Solar evaporation from seabrine, mainly at the Mauripur Salt Works. Salt is also obtained from the natural crystallised brine deposits of Dharwari and Saran in Thar Parkar district of Sind. According to expert opinion the area around Karachi is capable of an output upto 2,00,000 tons of salt per annum. Salt is also available in the desert area of Baluchistan.

Alum and Aluminious Sulphates—Alum is found in Maki Nai in Sind. It is manufactured from pyritious shales in gaj beds by the process of lixiviation (the process of washing or steeping certain substances in a fluid for the purpose of dissloving a portion of their ingredients, and so separating them from the insoluble residue).

Sodim Compounds—Sind possesses some valuable natron-producing lakes, particularly in the Khairpur State and in the Eastern Nara valley. They are distributed as (1) the Naro group in a belt about 20 miles by 50 miles, bisected by the Nara river, and (2) the Jubo Group, in the Khairpur State east of Kot Jubo. These are of salt water, formed in certain oval-shaped depres-

sions, called " Talis ", between some longitudinal and transverse sand hills by the process of percolation of salt water, called " Sim ". This water flows from the bottom of the hills and is prevented from sinking into the deeper ayers because of the underlying impervious clays. This " Sim " is derived from some soluble salts which must have been formerly buried in the soil. Some 2,000 to 3,000 tons of soda are extracted every year from these Dhands, numbering about 30, but the present income from this sources is not much. However, there is much scope for development of this industry in the Province.

Sodium compounds (other than salt) available in the lakes:of Eastern Sind ,are used in soap making or by tanners. Soda is collected during the hot weather from a large number of Alkaline lakes of " Dhand " in the state of Khairpur and in Eastern Sind. The lakes are situated in depressions among the sandhills and their waters contain varying amount of carbonate, chloride and sulphate of sodium. According to Dr. Cottar, its principal use isin the preparation of light biscuit but is also used for washing cloth, in harden ing treacle, in soap making and in the preparation of goorakho tobacco.

Fuller's Earth—Fuller's Earth is available in Khairpur State and Hyderabad (Sind). It is pale greenish coloured clay, mostly used for washing. It can be utilised for tiles, ceramic articles and paper making. The output in Sind at present is only about 5,000 tons. Further possiblities of available deposits may now be investigated in the vicinity of elsewhere, where similar variety of clay is available.

Marble—Onyx marbles are found near Jhuli in the Baluchistan desert.

Sulphur, Sulphuric acid and Soluble Sulphates—Quantities of sulphur are available in the State of Kalat and on the Kohi Sultan and neighbouring volcanoes in Seistan. The Kalat sulphur mine near Sanni, which was formerly worked to some extent (1932 to 1935) was examined and the available sulphur estimated at 10,000 tons. But the present quantity of sulphur are available from the Metaliferous Mines of Baluchistan is 30,141 tons per year.* It means with suffi cient money, power and expert technical advice the quantity will increase considerably. The working of sulphur mines should receive priority under the aegis of the Pakistan Central Government for obvious reasons gun powder is a necessity for the State and we should not always depend on others for the same but should exploit our own resources.

Gypsum—Gypsum is generally located in the gaj series of rocks on their tops with 3 to 4 feet thickness. Besides its utility in manufacturing of plaster of Paris, it can also be used as a high class fertiliser and in the cement, paper and plant industries.

Limestone—Chance of developing the existing limestone querries of Ghizri, Drigh Road and Mangho Pir, for the manufacture of quicklime, soda caustic, bleeching powder etc. are very good—the whole of Kohistan being rich in limestone of different kinds. Chemical industries can be started in localities in which limestone, containing a good proportion of calcium, are deposited. The rocks being largely Tertiary, vast quantities of limestone are available in Baluchistan.

*Just before the war the Geological Survey of India discovered extensive deposits of sulphur at Kohi Sultan in Baluchistan. This area has been estimated to contain 85000 tons of Sulphur bearing rocks with an average sulphur content of 60 per cent. Another place called Samo is known to contain 3,000,00 to 4,000,00 tons of ore with a sulphur content of 35 per cent. Smaller deposits have also been found in other places. The ore is suitable for use in sulphric acid plants and sugar refineries.

Silica—Silica is a raw mineral used for glass making industry. Recently near Jhimpir and its hills, silica sands have been discovered in the Nari sandstones. This raw material for manufacturing glass is a proper stimulus for a good glass factory in the province. The sand grains contain 90 per cent silica. Silica, if refined from sand, will help considerably the soap [making factories, cardbord factories, textile mills and plywood factories, provided sodium silicate is made out of it. The Centıal Government should now concentrate on making a survey and to develop the industry on commercial basis.

Radio Activity—Radio activity has been suspected in the hot spring of Mango Pir, especially because this spring is the hottest in Sind Province, A careful survey of all hot springs (numbering 16) and lying between the latitude of 24 degree N and 27 degree N, in some fractured anticlines in Kohistan, would be profitable. It is expected that if a proper survey by the Department concerned is conducted, there is every possiblity of developing Radio-Activity in the province on a large scale.

Barytes (Heavy-spar)—It is available in shales in Pabni Choki in Baluchistan

NORTH WEST FRONTIER PROVINCE AND TRIBAL TERRITORIES

As far as the mineral resources of North West Frontier Province are concerned the Geological Survey does not reveal any progress towards mineral development of this area except mica. The province has great potentialities in various minerales but they have neither been exploited nor developed. Much has to be done in this direction before we could know the actual state of the resources of this province. Depending on the pre-

partitioned reports we find very little that can be said about the development of mineral resources of this province. Recent attempts made, however, extend a good promise and give rise to hopes of valuable discoveries.

Gold is reported to occur near Torbela on the Indus River in Hazara district. It also occurs in small quantity in the Khyber Agency and in certain parts of the acid volcanic rocks in Mardan district. Possibilities are not lacking in dead volcanic rock of Baluchistan.

Alum occurs in the Mullagori country in the Khyber Agency and at Jatta and near Bazha Banda in Kohat district. Copper ore of good quality and chromite is found in Mohmad country and in Chitral and North Waziristan. Lead and maganese, the two essential minerals are found in Chitral and Kohat district. Gypsum—a valuable mineral used in the preparation of plaster of Paris, and used as soil fertelisers and cement—is found in abundance in Kohat district. Marble, black paint, sulpher and sulphuric acid, sulphate and soluble sulphates and arsenic are fund in Kohe-Sultan and Kohe-Suleman Ranges, but they have not been worked on commercial basis. The possibilities of development are not wanting and the experts shall have to consider its development a dire necessity as these commodities are likely to play an important part in our industries.

Possibilities of iron mines in the undulating area of Hazara district are not remote. It is now a matter of experts to concentrate their attention and find out such deposits. Recent discoveries have revealed that there are rich iron deposits in the valley of Penjkora river, especially in Baraut and in the Laspur Jandawal hills and also among the hills south-east of Bannu.

Coal—Since the inception of Pakistan, recent survey indicates coal deposits at various places along the Daur River in Hazara district in the Cherat Hills near Peshawar and in several places in Kohat district. A small amount of lignitic coal occurs one mile east of Mira Kwand in the Spi Toi in Scuth Waziristan, and beyond the Pir Karal, a hill to the north-west of Kaniguram.

This province, as is the case with whole of Pakistan, is heavily deficit in coal and coke and iron and steel. At present the region is deficit in coal by 78 thousand tons and in iron ore by five thousand tons and the deficit is so great that even the Pakistan centre will not be able to help this region with these commodities from its own resources. Local requirements have got to be curtailed where avoidable and the rest procured from abroad. The possible source of producing coal and iron should therefore be fully tapped and if success comes even at one place, the deficit is very likely to be made up. Mica is found in the district of Hazara. The mica mines were being operated by the Government of India before partition. The quantity of mica available in this Province though negligible is the highest in entire Pakistan.

THE PUNJAB

Actual mining operations conducted and supervised by the Government of Pakistan show that there are great possibilities of availability of many essential minerals in this land of rocks and rivers much of which is yet unexplited. The current operations are, however, yielding salt, lime-stone, clay, coal, gypsum and variety of stones. Gold washing are also carried on and petrolium holds a great promise.

Salt—There are seventeen salt range mines in the districts of Jhelum, Mianwali and Shahpur which yield 3,33,086 tons of salt every year.

Coal—Besides fifty one salt range coal fields there are seven coal mines at Jhelum, Mianwali and Shahpur which yield about 1,06,406 tons annually.

Dandot Salt Range Mines are very old and found in beds of Jurassic age. Coal available in these mines is not rich in carbon contents. These field mines if worked on modern scientific lines, are likely to make available sufficient quantity of coal. Iron and coal generally go together. In the Dandot Coal Mines pyrites is also found, but in the same condition as the coal seams. There appear to be vast possibilities of huge deposits which the Geological Experts should now investigate properly. No effort and no expense will be too great on this investigation as the material is the life blood of a country's industrial and defence development.

Limestone—There are four mines of limestone at Attock, Jhelum, Mianwali and Rawalpindi which yield 26,08,464 tons of limestone every year. The limestone found in Jehlum and Rawalpindi district is fit for being utilised for the manufacture of portland cement, bleeching powder, lime and calcium of carbide. There are three big stone range mines at Jhelum and Shahpur within annual total output of 2,62,797 tons.

Clay and Gypsum—Clay and gypsum are found in Attock and Jhelum and their total output per year is 61.970 and 22,665 tons respectively. In the Salt Range gypsum occurs in large mass within the saline series. Massive white gypsum is available in Kalabagh, in Spiti and Kanaur.

Gold—Gold washing is carried on in some of the Punjab rivers specially the Indus in the Attock and Jehlum district. In the absence of any relevant data and statistics, it is not possible to ascertain the extent of development in this field.

Petroleum—Petroleum is available in the Punjab in Portwar plateu. The Khaur Oilfield and Dhulian Oilfield are reported to yield about ten million gallons of petroleum every year. In the opinion of the experts the wholerange from Gilgit to Baluchistan practically in every district *e.g.* Rawalpindi, Attock, Jhelum, Dera Ismail Khan, Baluch Frontier Tracts and Baluchistan full of petroleum deposits. A thorough survey, therefore, is urgently needed so that Pakistan may become independent of other countries in respect of petrol. Certain companies it is reported are carrying on the boring operations at several places and one of them just has succeeded in finding out oil at Balkassar. The daily production at Balkassar new find is estimated to be about one lakh gallon per day. The extent and depth of this oilfield is yet to be ascertained but it is likely to produce as much as 50% of the total oil requirement of Pakistan according to the conservative estimate. Similar operations are going on in various places, Sind and Baluchistan and the progress is hopeful.

Alum and Aluminious Sulphates—Alum is produced in Kala Bagh and Kotki in Mianwali district. In the Salt Range near Kala Bagh. Alum shales are found at two distinct horizons. Thes shales are found sufficiently rich in sulphar content for alum manufacture.

Phosphates—In the Dandot colliery, Jehlum district the shales overlying the coal seams were found to contain phosphate nodules contain about 65% of the calcium phosphate, but their quantity was not considered sufficient for practical utilisation commercially. This mineral is used for agricultural purposes and for metalling.

Rutile—One of the natural forms of titanium dioxide is widely distributed through out many of the crystalline schists The quantity of rutile available in these schists may be ascertained for purposes of utilisation.

Antimony—Antimony ores are found near the Shigri glacier in Lahaul. The deposits are thought to be intensive enough to yeild 200 to 400 maunds of stibnite a year. The stibnite has yielded 6 Cwt. per ton. galena-lead ore and blends are also found in these localities. The former being argentiferous (yielding silver).

EAST PAKISTAN

East Pakistan is reported practically nil so far as minerals are concerned according to pre-partition geographical survey of India. Whatever iron, coal and other minerals were reported in the past from Bengal decidedly relate to the area now constituting West Benagal of the Indian Dominion. If Murshidabad, a predominently Muslim majority district, unjustly given to India as a result of flagrant Redcliffe Award, would have come to Pakistan there were ample possibilities of the availability of coal and iron due to its close proximity and similarity of soil to the districts of Burdwan and Bankura now forming parts of India.

Undivided Bengal was greatly surplus in respect of coal and coke. But East Bengal cannot claim any share from this surplus because this surplus no doubt, is the property of the districts of Midnapur, Burdwan and Bankura.

However, East Pakistan's mineral potentialities are not so hopeless as they generally appear according to the reported statistics in the past. Some of the tracts now forming a part of our country are full of resources but a concerted effort is needed to exploit them. It should not be over-looked that certain parts *viz.*, Chittagong Hill Tracts and the portion of Sylhet

districts adjoining the districts of Lushai Hills and Khasi and Jainti Hills of Assam Province were not exploited in the past and hence these resources are yet to be tapped to the betterment of Pakistan.

Recently, the Pakistan Geological Department spotted lignite coal deposits 10 feet below the paddy fields of Mymensingh scattered over an area of 170 square miles and 5 feet in thickness. The thickness of the seams cannot be determined unless boring operations are conducted which might indicate the thickness even upto 20 feet.

Drilling projects have also been started at Sylhet and Chittagong, and experts are hopeful of the potentialities of Mayamo oil belt near the East Pakistan—Burma border, which is an extension of Akyab oil fields in Burma. The oil belt is reported to run right upto Digboi in Assam.

On the whole the prospects of oil deposits are too bright throughout Pakistan. Progressive developments have also been reported for coal and it is expected that the country's demand would be met to a great extent by its own resources thus enabling Pakistan to be self dependent. The only drawback rather the greatest one is the lack of sufficient iron and steel. According to expert opinion coal and iron go together, hence earnest efforts should be made to find out iron in Punjab coal mines and such coal deposits are already reported in Sind and Baluchistan. If this drawback is somewhat surmounted independtly iron coupled with Pakistan's antimony deposits will play a great part in our armament.

The following statement gives the quantities of the various minerals mined in 1946, the latest year for which information is available.

Mineral	Quantity in tons
Antimony	584
Coal	4,04,325
Chromite	20,581
Clay	1,12,268
Fire-clay	44
Carbonate of Soda	3,036
Fuller's Earth	2,509
Gypsum	39,770
Orpiment	36
Petroleum	1,18,11,720 gallons
Soap Stone	1,103
Rock Salt	397,961
Lime Stone	7,26,167
Marble	95
Sand Stone	1,039
Road Metal	1,11,997
Miscellaneous	1,85,039

GEOLOGICAL SURVEY

Geolcgical Survey work on the field season programme for 1948-49 including the following items started in October, 1948, is still in progress :—

(a) Survey of East Pakistan, coal and lime-stone in particular Survey, of Karnafulli dam site.

(b) Mapping of chromite deposits of Hindu-Bagh.

(c) Work on the celestite deposits in Mianwali and the coal in Dandot Area and assistance to Messrs. Powell Duffryn in their coal investigation.

(d) Investigation into iron ore, coal and soap stone in Lahri, (Jhelum district) and also glass sand deposits in Trans Indus salt range.

(e) Survey of gypsum deposits, water resources and lead deposits in Las Bela State as also of barytes and strontianite at Thana Bula, Karachi District.

(f) Survey of mica, beryl and coal deposits of Hazara, lead ore of Bagnatore and silica deposits of North West Frontier Province.

(g) Investigation regarding coal in Sibi, Loralai and D. G. Khan and iron ore and Dalbandain in Baluchistan.

(h) Investigation of glass and deposits of Jungshai for the needs of the growing glass industry.

(i) Investigation of micaceous haermatite deposits in the Dalbandin Area:

Development of indigenous resources—The indigenous production of coal from the existing resources is about three to four lakh tons per annum. The development of indigenous production of coal and its utilisation has been under active cosideration of the Government. The present output of coal in Pakistan now forms a substantital part of consumption in power houses, cotton textile mills, ginning and pressing factories cement works etc.

In order to enable systematic development of our coal resources, it has been found necessary to have a complete survey of the coal deposits made by an expert agency. Accordingly the Government of Pakistan secured the services of Messrs. Powell Duffryn Technical Ser-

vices Ltd., London for a survey of the coal resources of Pakistan. The terms of reference to the firm were.

(a) To survey the working of the existing collieries, recommended the targets of production to be made during the first ten years of development with special reference to production of steam coal, and to suggest measures to be adopted for a more scientific and economical exploitation of our coal resources.

(b) To make recommendation regarding the grading of Pakistan coal and the most econamical utilisation of different grades of coal including the advisability of large scale briquetting of coal, setting up of a plant in Sind for the manufacture of metallurgical coke and gas and the use of sepcially designed boilers suitable for use of indigenous coal.

A technical team of three mining experts after completing inspection of coal resources in the Punjab, Baluchistan and Sind, have returned to the U.K., in the end of March 1949. They have taken with them samples of coal and briquettes for analysis in the company's laboratory in England. Their report is awaited.

Scheme for the development of production of coal in Sharigh mines, Baluchistan—The scheme has been approved by the Development Board and is awaiting execution. Besides procuing mining equipment and Stares the scheme consists of about seven miles long road from Sharigh Mines to Sharigh Railway Station, also the setting up of loading gentries near the pit-heads and unloading bins and a screening plant at the railway station.

Scheme for setting up two coal briquetting plants—In addition to the existing briquetting plant at Quetta, it is proposed to instal two additional plants-one in the Punjab and the other in Baluchistan. The experts of Messrs. Powell Duffryn have expressed favourable opinion regarding the quality of the briquettes being made at Quetta and support generally the scheme for installing more such plants. Their detailed recommendations are awaited. In the Quetta plant imported coal-tar pitch is being used as binding material. The possiblity of using indigenous biteumen produced by the Attock Oil Company is being investigated.

Fuel Economy—Side by side with the arrangements made for procuring supplies of steam coal from abroad vigorous drive is at the moment being made in economising consumption. For this purpose a Combustion Engineer appointed in the Coal Commissioner's organisation was recently deputed to visit factories in West Pakistan and to investigate the possibilities of effecting economy in the consumption of coal coke. As a result of his ivestigations considerable savings are likely to be effected, which would go a long way toward easing the coal shortage.

CHAPTER IV

INDUSTRIES

The areas now comprising Pakistan were previously kept rather deliberately, in a state of economic backwardness and as such could not, inspite of the natural raw material resources abounding in these regions, benefit frcm the industrial impetus given by the last two world wais. The difficult and abnormal conditions which confronted Pakistan immediately after partition are well known, but these difficulties and hurdles have been overcome and Pakistan can now be stated to be on the the road to industrial development. The period between partition and the first year has been devoted to careful survey of the various areas, coordinated planning and vigorous and zealous efforts for the procurment of plants and machinery.

NON-ENGINEERING INDUSTRIS

Acid Industry—Two very small units manufacturing sulphuric acid by chamber process, *viz.* (1) M/S. Frontier Chemicals works, Rawalpindi, with a capacity of 300 tons per annum and (2) M/S. Gangaram Khusaidas, Sukkur, with a capacity of 30 tons per annum, were the only factories at the time of partition.

Alkali Industry—The biggest factory producing soda ash at Khewra-the only big industrial unit falling to the share of Pakistan—remained closed for more than year on account of the migration of Hindu technical personnel and also non-availability of coal and iron and steel required for repairs and maintenance of the factory The factory has, however, restarted production since December, 1948, and is producing light soda ash at the rate of about 20,000 tons per annum.

Investigation is being made for the installation of a ten-tons a day capacity plant for production of caustic soda on electrolytic process. A small unit with a capacity of 5 tons a month is expected to start production during this year in Karachi for production of chlorine and caustic soda.

Industrial Gases—The following factories were existing from the dates prior to the birth of Pakistan:—

(i) M/s. Indian Oxygen and Acetylene Co. Ltd., Lahore, producing:—

(a) Oxygen Gas.

(b) Acetylene Gas.

(ii) The Dry Ice Refrigerators Ltd. Lahore.

(iii) The Sardar Carbonic Gas Co. Ltd. Karachi.

(iv) The Muree Brewery Co., Rawalpindi, producing Carbon Dioxide.

M/s. Indian Oxygen and Acetylene Co. are constructing a factory at Karachi and expect to start production in the near future.

Sulphuric Acid Industry—Orders for two ten-tons and one twenty a day capacity sulphric acid plants have already been placed abroad by industrialits. One of them is expected to start production by the end of this year in the Punjab.

Fertilizer—The possiblities of installing a fertilizer plant with fifty thousand tons per annum capacity are being investigated. Necessary enquiries have been instituted in connection with procurement of necessary plant and machinery.

Alcohol—Before partition there were only two factories producing industrial alcohol and liquors in Pakistan on commercial scale, as indicated below:—

(1) M/s. Murree Brewery & Co., Rewalpindi.

(2) M/s. Carew & Co., Darsana, East Bengal.

Besides there were two other small distilleries *viz.* Kotri Distillery, Kotri, Sind and the Quetta Distillery (Baluchistan). A modern sugar factory, named M/s. Premier Sugar Mills is being set up in Mardan in North West Frontier Province where it is intended to install a distillery for the manufacture of power alcohol with a capacity of producing 5,000 L. P. gallons per day. M/s. Carew & Co. are also contemplating installation of a power alcohol plant in East Bengal.

Saop and Clycerine—Soap is mostly produced on cottage industry scale, in Pakistan. There are about 812 big and small factories which produce soap. But for toilet and medicated soaps Pakistan depends now mainly on import. Efforts are being made to make Pakistan self-sufficient in toilet soap also. M/s. Crescent Pak Soap and Oil Mills have installed a toilet soap manufacturing plant in Karachi. M/s. Lever Bros. are constructing at Bhawalpur factories for the production of vegetable oil, toilet soap and glycerine in cooperation with a Pakistani industrialist. M/s. Zulfiqar Industries are also importing the latest type of toilet soap manufacturing plant from United Kingdom for installation in Karachi.

Pharmaceuticals and Drugs—M/s. Market Alkaloids, Quetta. manufacturers of drugs and pharmaceuticals, existed at the time of partition. They manufacture ephedrine hydrochloride etc. M/s. T. &. H. Smith Ltd. of Edinburgh are contemplating the installation of a factory for the manufacture of santonia (one of the costilest drugs for which abundant raw material *viz.* artimesia exists in Pakistan). Government is rendering all possible assistance in the matter.

Another scheme has been submitted by an expert for the establishment of a concern or the manufacture of pharmaceuticals and synthetic drugs.

Glass & Cement—Glass and cement industries were functioning at the time of partition. Only hollowares, were, however, manufactured. Since the partition the production of glass bangles has increased to a very great extent. This is mostly due to the displaced persons emigrating from Firozabad to Pakistan. A twenty-ton-a day glass plant has been ordered from United Kingdom for the production of hollow-ware bulb shells etc. Cement is surplus to our requirements and huge quantities are being exported. There were no production of fire bricks before. Efforts are. however, being made to manufacture fire bricks to meet our total requirments. During the last one year and a half a capacity has been developed for the production of about thirteen lakh bricks per year. Efforts are also being made to improve the quality of such bricks by addition of minerals like bauxite into the fire clay. Foreign countries have already been approached for the supply of bauxite in connection with the manufacture of highly refrectory bricks. For sheet glass there are plans under consideration to erect a factory capable of manufacturing 7 millions squire feet per annum. Impetus has also been given to cottage industries like cement blocks, tiles, and other cement concrete production.

ENGINEERING INDUSTRIES

Prior to partition their existed, two steel mills for re-melting steel for the production of and billets and a fairly large number of re-rolling mills converting billets and re-rollable material into bars and rods. There were also a number of big iron foundries which were producting iron castings of medium sizes and two steel

foundries. Industries engaged in the manufacture of the following also flourished :—

1. Machine-tools, head tools, precision tools, and other work-shop equipments.
2. Diesel oil engines.
3. Oil expellers and kohelos.
4. Sugar-cane crusher and other sugar-cane machinery.
5. Agricultural machinery.
6. Cycle parts.
7. Surgical instruments & hospital equipment.
8. Electric lamps.
9. Grinding wheels.
10. Electric fans.

There were about half a dozen firms undertaking fabrication of structural work. Numerous firms had established themselves in the manufacture of various non-ferrous metal utensils and hollow-ware particularly aluminium, brass and copper. A few firms were producing rubber goods like tyres and tubes.

Owing to the disturbances which followed in the wake of partition many of the above industries closed down as most of the lobour employed with them which consisted of Hindus, migrated to India. These industries have since mostly been revived and they are endeavouring to operate in many cases upto their previous capacity level. In addition the following progress has been made.

1. The firm which is manufacturing electric lamps and which had confirmed its production previously to general service type lamps of certain sizes has now started manufacture of train lighting lamps and higher voltage lamps of the general service type.

2. A few firms have commenced the manufacture of electric conduct pipes.

3. Two firms have come into being which have started regular production of battery plates for lead acid accumulator calls.

4. A firm has been established for the manufacture of welding electrodes.

5. Manufacture, on a planned production basis, is being undertaken by a firm of vacuum brake rubber fittings for railways.

6. A firm in the Pakistan is established and has already gone into regular production of hurricane lanterns.

7. The firm has commenced the manufacture of baby cars and toys from tin plates.

The following industries are under planning and are expected to take practical shape in the near future:—

1. Steel melting.
2. Mallable iron foundry.
3. Re-melting and re-rolling industry in East Pakistan.
4. Manufacture of hurricane lanterns from brass.
5. Manufacture of complete storage batteries.
6. Manufacture of electric accessories from plastics.
7. Fabrication of C. I. Pipes.

One of the existing fan manufacturers has plans to produce, in the near future, both table and pedastal type of electric fans.

MISCELLANEOUS

Paper Insustry—It has been dicided to set up a Paper Mill in East Bengal. Canadian Project Engineer, deputed by Messrs. Stadler Hunter Company of

Montreal and a Swedish Paper Expert, deputed by Messrs. A. K. M. W. Karlstad, Sweeden, whose services have been engaged have made a detailed survey of the site of the proposed mill. A report of the former has since been received and the samefrom the latter is expected in near future. Although the exact location of the site of the proposed mill will be decided after the reports of both experts have been examined but Kuptaimuk in the Chittagong hill tracts has been suggested as a suitable place for such a mill.

TANNING & FOOTWEAR INDUSTRIES

At the time of partition there was no organised tanning and footwear industry in Pakistan excepting the one at Lahore *i.e.* Messrs. Bata Shoe Co. Ltd., which specialises only in the manufacture of canvas shoes. The entire large scale industry was left behind in India at Agra, Cawnpore, Calcutta and Madras which thrived largely on raw materials drawn from Pakistrn regions.

Since the birth of Pakistan, efforts are continuously being made to develop the tanning and footwear industry both on cottage and mechanised basis to meet the local damands indigenously. The development of tanning and leather industries was considered in the Pakistan Industries Conference held at Karachi in December, 1947, and the target of 15 tanneries for the whole of Pakistan was recommened in the following manner :—

	Number of tanneries
1. East Pakistan	10
2. Punjab	2
3. Sind	1
4. North West Frontier Province ...	1
5. Bahawalpur	1
Total	15

Subsequent to this, a Pakistan Leather Industries Conference was held at Karachi in August, 1948. This Conference did not recommend any target but was of the opinion that in view of the extreme shortage of footwear and tanned leather in various regions the growth of tanneries and footwear should be allowed unrestricted. It was, therefore, considered that after a good number of tanneries and footwear factories have been established in various regions of the country, the position would be reviewed with reference to the country's future requirements.

The following fully mechanised tanneries and footwear factories have so far been established inclusive of those in existence before partition :—

1. Bata Shoe Co. Ltd , Lahore.
2. Punjab Tanneries, Wazirabad.
3. Wazirabad Tanneries, Wazirabad.
4. Sind Tanneries, Hyderabad.
5. Hyderabad Tanning and Shoe Mfg. Co. Ltd. Lahore.
6. Ijaz Tanneries, Khairpur Mirs.
7. Rawalpindi Tanneries, Rawalpindi.
8. N. W. F. Industries Ltd. Naushera.

Tanneries likely to go into production shortly.

1. Pakistan Tanneries Ltd. Lahore.
2. Grand Trunk Tanneries Ltd., Karachi.
3. Upper India Tanneries, Sialkot.
4. Sh. Abdul Aziz & Sons, Montgomery.
5. Dacca Tanneries Ltd., Narayangunj.

Many large and small scale indigenous tanneries have also come into production of all types of vegetable tanned leather. Demand of sole and upper leather to the extent of about 50% and 30% respectively can be met indigenously.

The latest position as surveyed recently is that the industry in Karachi and other centres has made remarkable progress. The refugee artisans who had migrated to Pakistan most of them have settled in their avocations and this has resulted in an increased production of tanned leather (both for uppers and soles) and footwear of every sort and design on cottage industry basis.

The production of shoes in Karachi alone is estimated at 15,000 pairs of shoes every day. The general production position of the Western Zone of the country is quite satisfactory.

Kips Industries—Arrangements have been made very recently to develop the E. P. Kips Industry in Pakistan. A preliminary experiment has proved very hopeful results and measures are in hand to develop it on the lines similar to that of Madras E. I Kips industry. There is a good deal of demand for E. I. Kips in the foreign markets ; and in order to stimulate the pace of the development of this industry, its free export is under consideration.

Film Industry—In pre-partitioned India, the Film Industry was the eighth biggest industry in the sub-continent. The gross annual takings amounted to Rs. fourteen crores during the war period. The Hindus mostly financed this industry in pre-partitioned India, but the Muslims provided the prominent Directors.

The area now comprising Pakistan had only three studios. Two of them have now become defunct. The third one namely Puncholi Art Pictures is the only

studio now operating in Pakistan. This studio has a capacity of producing approximately 20 pictures per year and an equal number of documentaries. All producers in Pakistan are utilising this studio at present.

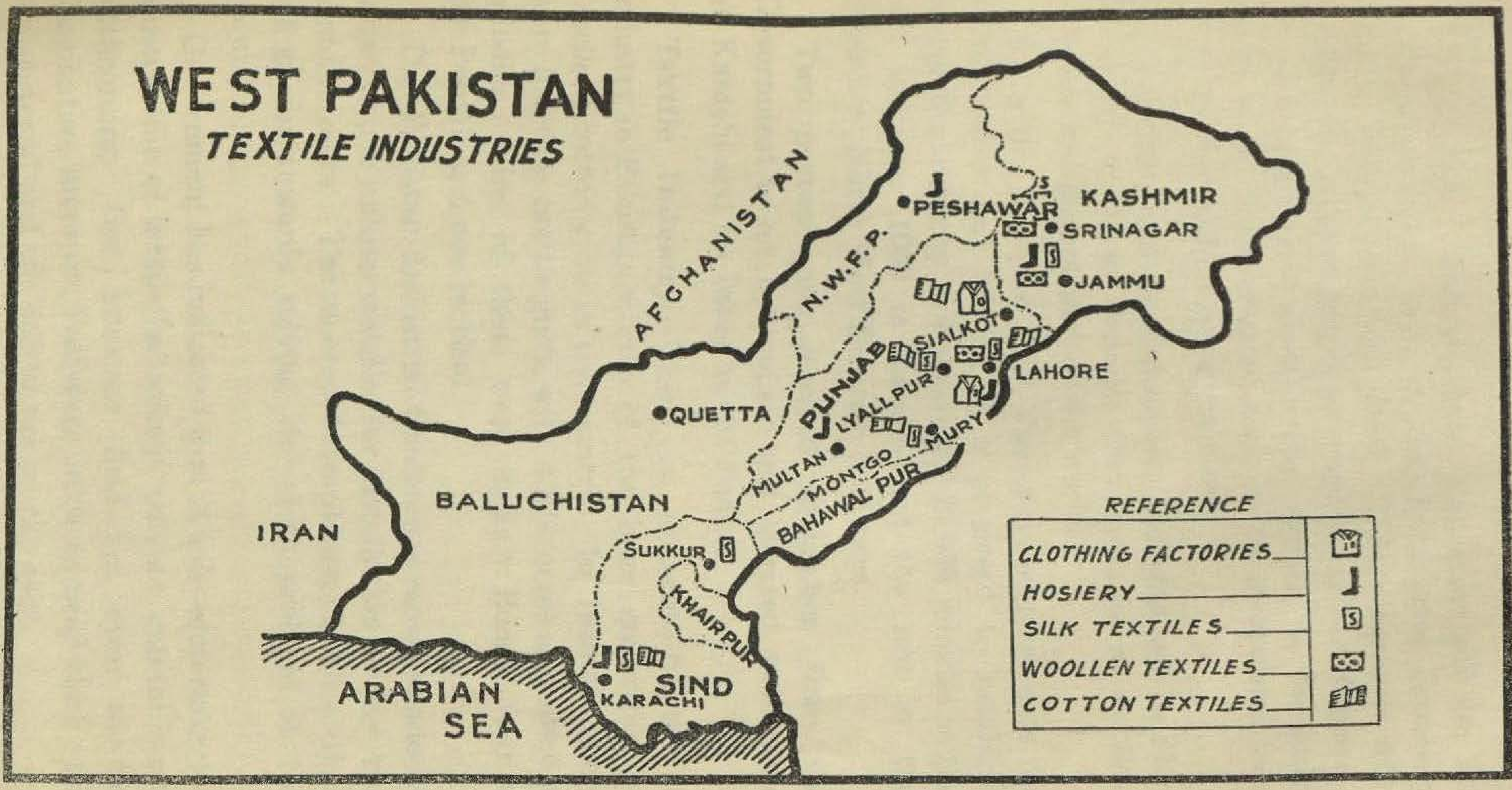
It is estimated that there are at present three hundred cinema houses in Pakistan. Of these, approximately one hundred one are situated in East Pakistan and the rest are situated in West Pakistan. It is calculated that about three to four crores of rupees annually *reach* India from Pakistan as revenues for films shown here.

Tobacco Industry—M/s. Tobacco Co. who have taken over the interest of M/s. Imperial Tobacco Manufacturing Co. (India) Ltd., have installed a small temporary cigarette manufacturing plant at Karachi. The factory has already started production. The present temporary factory will ultimately be replaced by a permanent and bigger one producing two hundred million cigarettes per month. They are also contemplating to establish two more cigarette factories in Pakistan—one each at Jehlum and Chittagong.

Wool Industry—Next to jute and cotton, the most important fibre in Pakistan is wool. Pakistan produces 26·5 million pounds of wool a year and imports through its land frontiers another eight million pounds.

Baluchistan alone exports about 1,800 tons of wool worth Rs. 30,00,000 every year. It is of eight main varieties.

Pakistan wool is used in the manufacture of tweeds, rugs, carpets and blankets. Two million pounds wool is required for use by the local cottage industry for the manufacture of rough blankets and carpets. Government has decided to assist in the establishment of five yarn spinneries for spinning yarn with a total spindleage of


WEST PAKISTAN
TEXTILE INDUSTRIES
AFGHANISTAN
N.W.F.P.
PESHAWAR
KASHMIR
SRINAGAR
JAMMU
SIALKOT
LAHORE
PUNJAB
LYALLPUR
QUETTA
MULTAN
MONTGO
MURY
BAHAWAL PUR
BALUCHISTAN
IRAN
SUKKUR
KHAIRPUR
SIND
KARACHI
ARABIAN
SEA
REFERENCE
CLOTHING FACTORIES
HOSIERY
SILK TEXTILES
WOOLLEN TEXTILES
COTTON TEXTILES

25,000 spindles. Two of these spinneries will be in the Punjab and one each in the North-west Frontier Province, Baluchistan and Sind. These spinneries will produce 4 5 million pounds of yarn annually. Government also proposes to assist in the opening of finishing centres in all these regions, each centre comprising two sets of raising and finishing machines.

When the programme matures, Pakistan will be able to satisfy the large demand that exists for its woollen products in different part of the world.

In order to meet the Pakistan requirements of worsted yarn and fabrics, it is proposed to establish plants of a capacity not exceeding 20,000 spindles in the first instance—1000 in Karachi and the rest in the Punjab or North West Frontier Provinces.

Two parties have received permission from the Government to set up wollen and worsted mills, one at Karachi and the other in the Punjab.

Textile Industry—There is no cotton textile industry in Pakistan worthy cf the huge quantities of excellent cotton grow in the country. In 1946-47 there were fourteen textile mills, with 4,874 looms and 184,616 spindles. Nine of these were in East Bengal, four in the Punjab and one in Sind.

The Pakistan Industrial Conference recommended a target of one million spindles for installation during the next five years. The successful completion of this project will go far towards solving the cloth problem of the country.

Government has indicated that it will undertake the construction of textile factories if private capital is not forthcoming. But immense field lies open to the imaginative investor; Pakistani millions need cloth ; the raw material and the labour are on the spot.

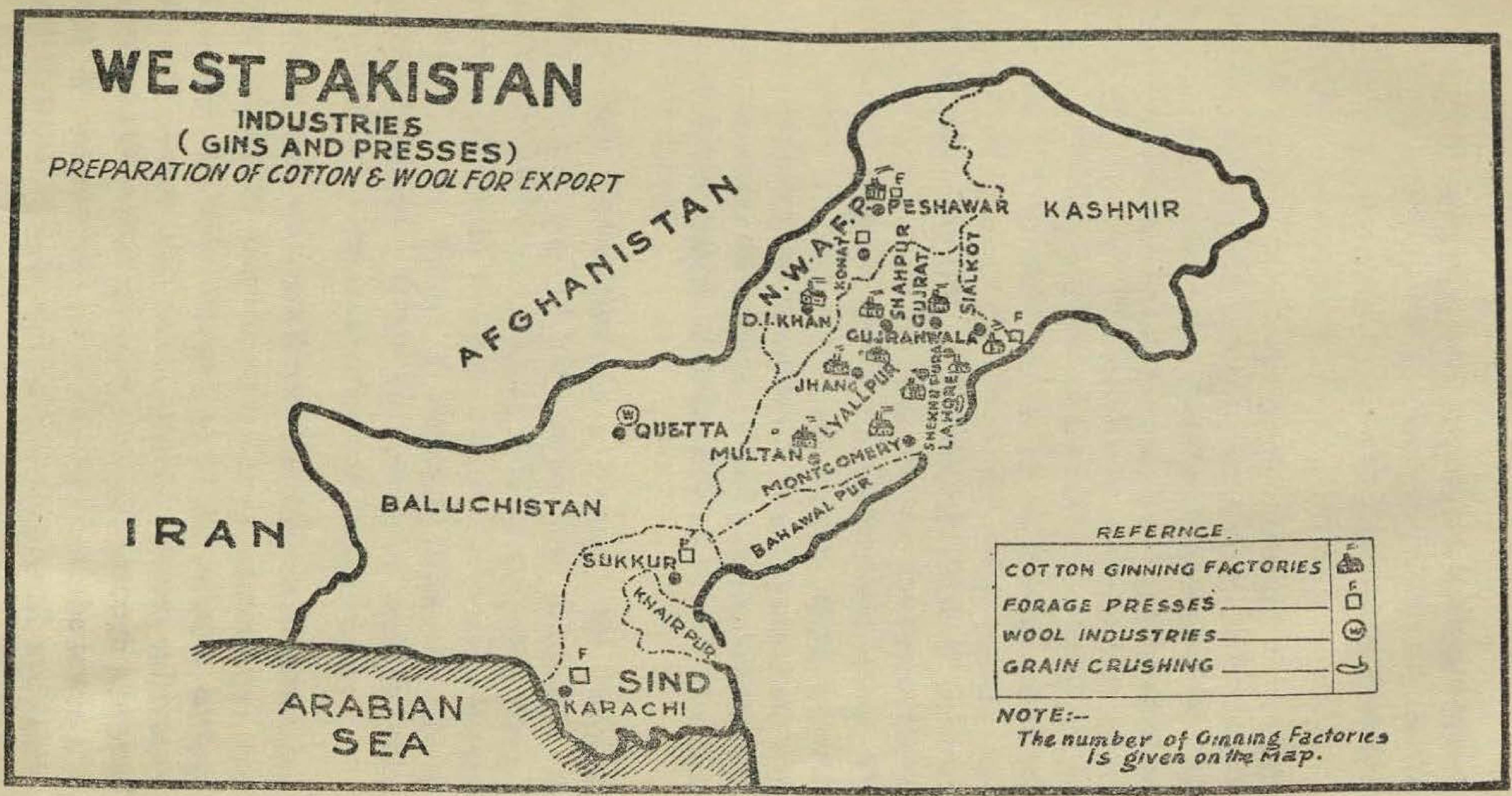
It is hoped that the post-war period will be marked by a great increase in Pakistan's textile industry, and that the importance of her cotton manufacturers will gradually approach that of her cotton production.

The Valika Textile Mills, a pioneering Textile enterprise was opened by the Prime Minister on the 15th September 1949. The mill will have 25 thousand spindles and 700 looms and is likely to employ between 700 and 1000 labourers.

Ginning and Pressing Factories—In the present initial stage of Pakistan's economic development, cotton ginning and pressing factories account for about one-fourth of the total industrial employment in the country. There are 322 factories in Pakistan, 244 being in the Punjab. All raw cotton is exported after being ginned and pressed into bales. The gross weight of a Pakistan bale is 400 lbs. and the dimensions of a bale are about 48 ins. by 18 ins.

Sports goods industry—The sports goods industry has since long been in existance at Sialkot as a premier industry. In 1895 it started as a cottage industry and the famous Uberoi were first to introduce the mechanical process in to it in the early years of 20th century. It is very interesting that Sialkot sports goods industry has been functioning as cottage as well as a large scale industry side by side, and in its essence is non-capitalistic. The localisation of this industry at Sialkot is due to the skilled and efficient labour, favourable climatic conditions and sufficient resources in raw materials.

The unfortunate communal riots of 1947 in the Indo-Pakistan sub-continent struck a heavy blow at Sialkot, the famous centre of sport goods manufactring industry. Although India has imposed 60% import duty on Pakistan sports goods, the majority of the migrated


WEST PAKISTAN
INDUSTRIES
(GINS AND PRESSES)
PREPARATION OF COTTON & WOOL FOR EXPORT
AFGHANISTAN
KASHMIR
PESHAWAR
N.W.A.F.P.
KOHAT
SHAHPUR
GUJRAT
SIALKOT
D.I.KHAN
GUJRANWALA
JHANG
LYALLPUR
SHEKHUPURA
LAHORE
QUETTA
MULTAN
MONTGOMERY
BALUCHISTAN
BAHAWALPUR
IRAN
SUKKUR
KHAIRPUR
SIND
KARACHI
ARABIAN
SEA
REFERNCE.
COTTON GINNING FACTORIES
FORAGE PRESSES
WOOL INDUSTRIES
GRAIN CRUSHING
NOTE:--
The number of Ginning Factories is given on the map.

firms have been importing sports goods from Sialkot. From 15th August, 1947 to 31st July 1948 Rs. 36,506 worth sports goods were exported by sea from Pakistan to India.

The value of sports goods exported to foreign countries from Karachi during the period 15th August 1947 to 31st July, 1948 amounted to Rs. 4,06,708. As usual the United Kingdom was the biggest customer during this period. The exports of sports goods of all kinds to United Kingdom constituted about 40% of the total exports of these goods to all foreign countries. Australia obtained about 10% of the total exports and New Zealand about 9%. The United States of America obtained about 8% of the total exports, the Indian Uuion about 7%, Belgium about 4%, Switzerland about 4%, Iran about 3% and Italy and Greece about 3% each. Other countries which imported small quantities were France, Canada, Netherland, Norway, Straits Settlement, Iraq, Baharein, Egypt, Burma, Ceylon, Java, Thailand and East Africa.

Cottage Industries—In a country like Pakistan where 90 per cent of the people are dependent on agriculture and live in villages, cottage industries have a special significance and play a vital role in the national economy of the State. A Pakistani village is more or less self-sufficient. It has its own set of artisans, who provide most of the rural needs and requirements.

Apart from the regular set of artisans who invariably from important part of the village community, the peasantry is often engaged in some suitable cottage industry during the slack season. Some cultivators carry on with a cottage industry right through the year so as to supplement their income. In the towns also both men and women are engaged on a small scale basis

in particular arts and crafts, some as whole-time workers, others as part-time workers who wish to supplement their family earnings.

Cottage industry in Pakistan is financed in three ways; first by professional financiers, who purchase raw materials and supply them to workers and artisans. Finished goods are collected and payment made on piece work system. The manufactured goods are then sold or exported according to a well organised distribution system through wholesale and retail stores. Secondly by middlemen advancing loans to artisans, who purchase their own materials and sell the products to dealers who are either wholesalers or retailers. Thirdly, artisans purchase their own materials with their own capital or with borrowed capital and sell direct to consumers.

The main products of cottage industry run on a large scale are footwear, leather goods, sports goods, leather curios, glue, guts and castings, for the development of of which Pakistan Government have come to an agreement with Technical Services Association, Pakistan to develop these industries on the most modern lines and to market its products in the United Kingdom, the Commonwealth and United States of America.

Spinning and Weaving—Hand spinning and weaving, as a cottage industry, is carried on all over Pakistan especially by women as a part-time occupation. In East Bengal women earn their living from it by making it a full-time job. Dacca and Chittagong in East Pakistan are the chief centres. Spinning and weaving are also carried on fairly extensively in the province of the Punjab and North West Frontier. In the villages it is a full-time occupation. In the towns women spin and weave in their spare time.

In East Bengal where jute is plentiful, jute spinning and weaving is a valuable cottage industry, The bulk of jute goes, of course, to the mills, but the rest is turned into cloth on a cottage basis. Some families have been engaged in this industry for generations. They either buy their raw material in the market or grow it themselves.

Silk Industry—Silk industry in East Bengal is also of considerable importance. Caps, turbans and curtains are embroidered in silk. In the Punjab phulkari work is done with silk thread in multifarious colour on thick cotton material. In Sind the same style of embroidery is practised. Silk spinning and weaving are fairly important industries at Kohat and Peshawar, where silk turbans a e woven. White embroidery is done at Peshawar.

Wool Industry—Peshawar and Dera Ismail Khan produce good quality wool which is made into durable warm blankets at Swat. Hazara and Kohat export namdas on a large scale. Among the Waziris on the Bannu border a cottage product of high artistic merit is a kind of woolen rug made with a bold design in fast colours. Woollen-pile rugs are also made in Bannu.

Copper ware metal work & wood carving—Copper-ware is one of the specialities of Peshawar. It is mostly hammered work, the patterns being engraved and often loaded with lac. Trays, dishes, ewers with basins and wine-bowls are the usual objects.

Metal work is done all over Pakistan and consists of work in brass, bell-metal, copper, iron, gold and silver. Products consist of household articles such as pans, pots, tumblers and vessels. The industry is of considerable importance in the economy of the country. Rifle and revolvers are made by tribesmen on a cottage basis both in Khyber and Kohat pass.

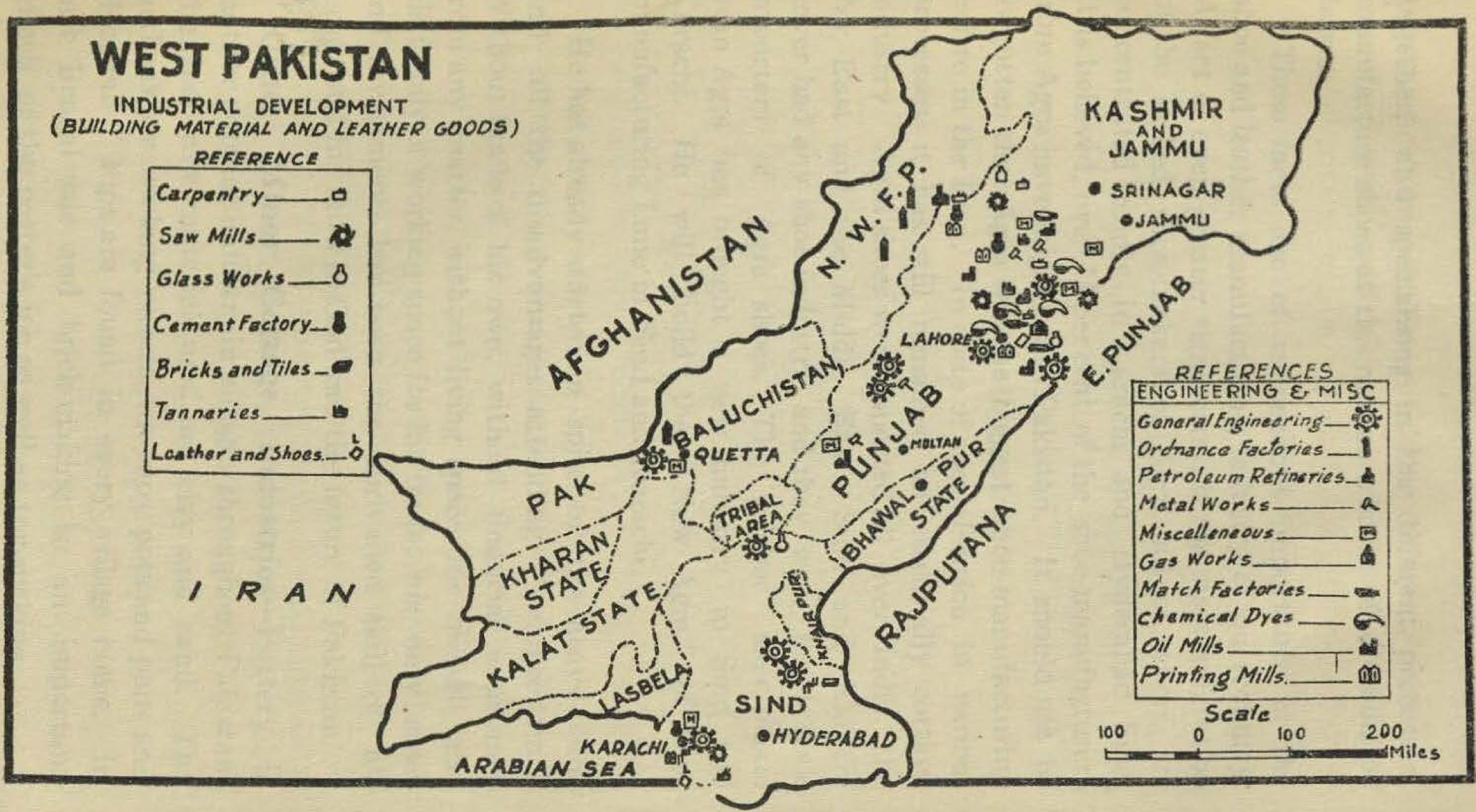
Wood-work of Pakistan ranges from simple photoframe to up-to-date furniture. The standard of carpentry is high and stands comaprison with the best in the world. Boats are built in Peshawar District, and the carpentry of the city is famous for its lattice-work in walnut.

Tanning & Leather Goods—This industry forms an important item on the cottage industry's list. Side by side with rough and partial tanning there is high class tanning and chrome leather manufacture. Shoes, slippers, belts, purses, suitcases, portmanteaus, saddles, drums, bellows, etc. are produced. Glue-making is a side industry of tanneries. In the Punjab hides and skins are tanned in small cottage tanneries in both urban and rural areas. Some of the leather thus tanned is used for shoes, sandals and water-buckets.

The manufacture of shoes is our country's major cottage industry. The shoe industry here is at present about as old or young as Pakistan itself. It is a refugee industry. Refugee shoemakers from all over the Indian Union, but mainly from Agra, have migrated to West Pakistan. The largest concentrations of highly skilled shoe-makers will be found in Karachi and Hyderabad Sind. Karachi alone is estimated to have 10,000 shoe-makers, while Hyderabad has 5,000.

Refugee shoe makers from the East Punjab who have migrated to the Punjab, are estimated to number 33,000, as against the 25,000 Hindu evacuees from the Punjab. This means that in West Pakistan alone we have approximately 50,000 highly skilled refugee-shoe-manufacturers.

The rate of production of shoes is one pair per man-hour. This does not mean that one man completes a pair in one hour. It means that several men sitting


WEST PAKISTAN
INDUSTRIAL DEVELOPMENT
(BUILDING MATERIAL AND LEATHER GOODS)
REFERENCE
Carpentry
Saw Mills
Glass Works
Cement Factory
Bricks and Tiles
Tanneries
Leather and Shoes
REFERENCES
ENGINEERING & MISC
General Engineering
Ordnance Factories
Petroleum Refineries
Metal Works
Miscelleneous
Gas Works
Match Factories
Chemical Dyes
Oil Mills
Printing Mills
Scale
100 0 100 200 Miles
KASHMIR AND JAMMU
SRINAGAR
JAMMU
N. W. F. P.
AFGHANISTAN
LAHORE
E. PUNJAB
PUNJAB
MULTAN
BALUCHISTAN
QUETTA
PAK
TRIBAL AREA
BHAWALPUR STATE
KHARAN STATE
KALAT STATE
RAJPUTANA
I R A N
LASBELA
SIND
KHAIRPUR
HYDERABAD
KARACHI
ARABIAN SEA

together, and specialising in the different processes, manufacture shoes at this rate on a basis of division of labour.

These facts are of tremendous importance in the shoe and leather manufacturing industry of ou rcountry. A fact of even greater significance is the mass migration of the skilled shoe-makers of Agra, all of whom are concentrated mainly in Karachi and Hyderabad Sind. It is believed, over 75 per cent. of the shoe-manufacturers from Agra have migrated to Pakistan. It should not be forgotten that Agra was the biggest shoe-manufacturing centre in the East. In spite of specialisation in various processes, it has still remained an essentially cottage industry. Agra shoes were exported all over India, the Far East and the Middle East. Sind and Karachi never had any shoe industry, and they were large scale importers of Agra shoes. The refugee shoe-maker from Agra has brought a new industry to Sind and Karachi. He will build the "New Agra" of shoe manufacturing fame in Sind and Karachi.

He has already started in spite of the heavy odds and all the disadvantages attending "refugeedom". Without funds of his own, without financial assistance from any quarter, without living space for himself and his family,or working space for his trade, his only asset and investment, has been the unrivalled skill of his hand, and his faith in God and the future of Pakistan.

Other Minor Cottage Industries—Pottery is another popular industry in villages throughout Pakistan. The chief raw materials used are clay and sand. The earthenware cooking vessels, tea cups, pots and pans and "Hookah" tops are found in every village home. In East Bengal tile and brick-making is an important branch of the potter's job as well as toy-making

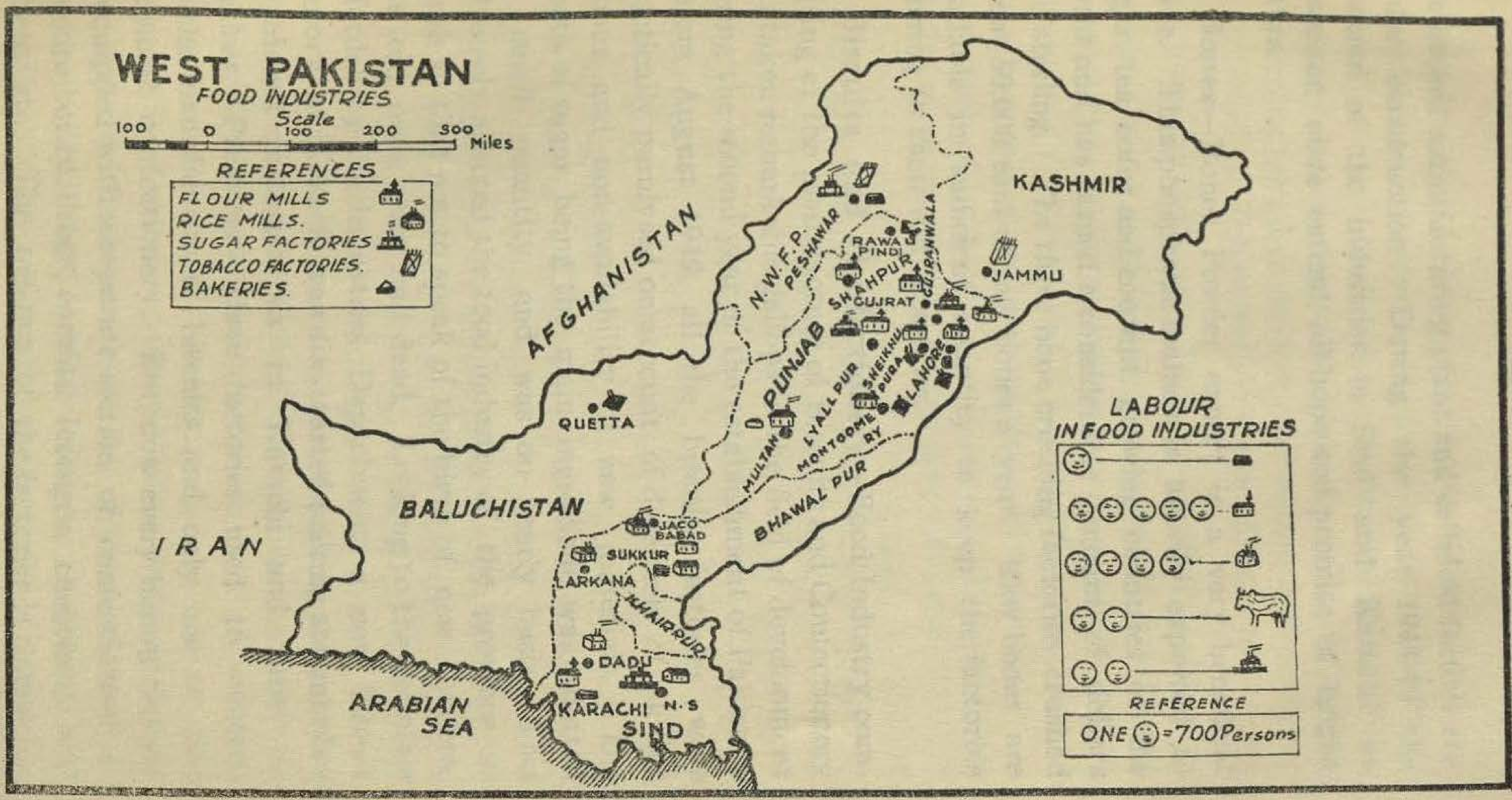
Bangles, combs, necklaces, caskets, buttons, paper-weights are made from ivory in East Bengal. Ivory work is also done at Lahore by means of simple tools such as chisels and knives.

The conch-shell work is done at Dacca, an old centre of this particular industry. Buttons, bracelets, bangles, chains, rings and small images are made out of conch-shell. The images thus produced are sold all over India for Hindu temples.

INDUSTRIES IN PROVINCES

SIND AND KARACHI

The establishment and development of industries in Karachi and Sind made after the partition carries all its credit to the conscientious, determined and forebearing nationals of Pakistan as immediately after the partition the wholesale migration of Hindu capitalists, technicians, and the skilled labour had created such a big gap which could hardly be expected to have ever been filled so quickly. Yet the industry of this province have not overcome the shock that it received but signs of speedy recovery are not wanting. The industrial trading estates in Sind have been doing a lot of useful work in this direction. So far land allotments have been made to about 50 industrialists and they are being provided with all possible facilities with the result that at present the fish manuring, shark liver oil, bone crushing, hosiery, plastic articles, electric motors, fire bricks and thread balls are in production and thirty more factories are under consideration. Of them three textile mills, one big tobacco company,one woolen textile mill, one engineering works, one glass factory, one sulphuric acid plant, one dyes and colour factory, three soaps factories, two oil mills, two vegetable ghee plants, two big printing presses, one tannery, one rayon silk mill,


WEST PAKISTAN
FOOD INDUSTRIES
Scale
100 0 100 200 300 Miles
REFERENCES
FLOUR MILLS
RICE MILLS.
SUGAR FACTORIES
TOBACCO FACTORIES.
BAKERIES.
AFGHANISTAN
KASHMIR
N.W.F.P.
PESHAWAR
RAWAL PINDI
SHAHPUR
GUJRAT
GUJRANWALA
JAMMU
PUNJAB
QUETTA
LYALL PUR
SHEIKHU PURA
LAHORE
MULTAN
MONTGOMERY
BHAWAL PUR
BALUCHISTAN
IRAN
JACOBABAD
SUKKUR
LARKANA
KHAIRPUR
DADU
KARACHI
N.S
SIND
ARABIAN SEA
LABOUR IN FOOD INDUSTRIES
REFERENCE
ONE = 700 Persons

one utensil manufacturing plant and celluloid factory are under construction. During the year 1948-49 the position of the industries in Sind and Karachi as described obve extend all hope and promise of bright future.

Bones—Bones Powder export is a very beneficial trade. This phosphatic manure is heavily exported to sugar, tea, cofee and coconut growing countries of the world and has earned a considerable amount of dollars and sterling. The three bone crushing factories crushed about 50,000 tons of raw bones a year. Raw bones are available in sufficient quantity to keep the factories running to their full capacities.

Biscuits and Confectionery—Food Industry comprising of the manufacture of Biscuits and Confectionery has taken remarkable gallops in the field of development during the second year of the establishment of Pakistan. Before August 1949, all the biscuit factories were practically paralysed on acccunt of desertion of skilled labour and non-availability of new materials. The quota of sugar, being the main ingredient, was allotted in small quantity and was on yearly basis. This adversely affected the food industry of the province so much so that not to speak of the birth of new concern, the old ones were half dead. Looking to the facilities afforded by the Industries Department, a new biscuit factory at Karachi was also started making the number of biscuit factories six in Karachi and three in Sukkur. Previously these factories used to content on the manufacture of biscuits and only one or two prepared confectionery. But now every biscuit factory is equipped with a separate section of confectionery to prepare boiled, drops, comfits, lozenges, chocolates and toffees etc. The out-put of the factories is competing

the foreign product and has replaced it to a great extent. In addition to above a good number of confectionery concerns on a cottage scale industry basis have also sprung up. Karachi and Sind therefore stand to serve not only the provincial breakfast and tea-table requirements but also the whole of East and West Pakistan.

Carbon Ribbon Manufacture—The Karachi Carbon Ribbon Manufacturing Company is the only concern of its kind for the manufacture of Typewriters and Pencil Carbon Papers and Ribbons, etc. The Company is equipped with the modern machines and make supplies to East and West Pakistan. As the demand is much more, this year one more modern plant is being added.

Edible Oil—This important industry has made a very remarkable progress this year. Before August, 1948, there were only 4 Oil Mills in Karachi having 32 expellers in all. There are now 30 Oil Mills with about 110 expellers. In Sind also this industry is rapidly developing. The Sind Oil Mills, Hyderabad has now a most modern complete Cottonseed (decortigrating and delining) Plant. The plan of erecting a hydrogenating plant is also complete. This industry, for which Sind offers wide scope of development has been greatly helped by the Industries Department in getting materials for building of the factory etc.

Electric Bulb—Pakistan has only one factory of its kind for the manufacture of electric incandescent lamps in all types and sizes for general domestic service and the train lighting purposes. The concerns started operation twelve months ago, and during this short period the out-put of the factory has been developed to an average of over six thousand lamps per day. Electric lamps are produced to British Standard

Specifications. The testing laboratories include a fully equipped life testing tower with automatic controls and photometer department for accurate measurement of light out-put and current consumption. The factory is meeting a portion of the country's demand for electric lamps, and the production of the factory is further expected to increase.

Fire Bricks—The basic industries in the Sind Industrial Trading Estates Ltd. are rendering valuable services to all the industries by supplying high temperature resisting fire bricks. The special quality chrome brick is produced on systematic and scientific lines and have very great temperature resisting power. Although established in the middle of 1948 the factory is today producing 40,000 to 60,000 fire bricks monthly and has further prospects of increase.

Glass—The only glass factory in Sind has made amazing progress this year. While previously the factory with 500 labourers had an out-put of 3 to 4 tons per day manufactured only white glass, bottles and tumblers, this year 800 people work in the factory, and the production has increased from eight to ten tons a day. Apart from bottles, tumblers and white glass, manufacture of glass of various colours, bulbs, tubes, rods, battery jars, covers, glass lamps, globes of all colours and sizes, measuring glasses, graded bottles, graduated cylinders and bangles are undertaken by the concern. A fresh plan for manufacture of scientific apparatuses is just about to be fixed.

Ice Factories—To meet requirements of the increased population, five new ice factories have been established this year in Karachi and the old factories installed ice plants. Out of the twenty three factories

in Sind, due to desertion of previous occupiers, only few were working. Now nearly all the factories have been reorganised and are running satisfactorily.

Pharmaceuticals drugs and light chemicals—Trading factories in this province have considerably increased the production of shark liver oil and fish manure respectively, After meeting the local demands the products are exported to continental and other countries. New machineries for preparation of all sorts of pharmaceuticals, drugs, chemicals, aromatics and perfumes have been installed which are likely to start working soon. Thus a part of our requirements will be supplied locally.

Plastics—Recently a plastic moulding plant has been installed to manufacture small plastic articles of daily use. Thus reduces our dependance on foreign supply of plastic sheets.

Rubber—A factory started production of cycle rubber accessories, rubber half soles and heels, play balls, footmats, horn bulbs, etc. and by January 1949. many other goods such as solid tyres for tongas, perambulator tyres, railways fittings, cycle inner tubes and tyres, rubber hoses, hospital tubing and corks, packing sheets, sorbo rubber sheets, rubber fittings for cement works, rubber rollers for printing presses etc. had been added to the production list. The total capacity of this plant, working three shifts, will be between 1,500 and 1,800 tyres a day. Average monthly production is expected to be 30,000 to 40,000 tyres, which would take care of 80% of the total requirements for Pakistan.

Soap—With the decontrol of caustic soda and availability of coconut oil this year, the soap manufacturing industry has been saved from the parasitic

elements which only prospect in the conditions of control. The mushroom growth of so many soap factories had resulted in pumping the soap market and and worsening the quality. In the decontrol conditions although the soap industrialists are few but the produces are superior and command the market. A Milled Toilet and Washing Soap Plant of full boiling process with a maximum production capacity of fifteen tons per day has just been instaled. Similarly some other soap factories have introduced good quality soap in the market and thus while last year Pakistan faced an acute shortage of soap, now today Pakistan is in a position to export soap.

Tanning—From 1945-46, the activities of the industry was on small scale and during 1947-48 due to the migration of Chamars (Jatias) to India, this industry was at a standstill. This industry took its way to recovery from August 1948 and has made a rapid progress. The out-put of the tannery has now increased to approximately four times the pre-partition capacity. The quality of the finished chrome and bark leather now produced is far superior to those qualities prepared in the past in the province. About ten small indigenous tanneries were opened at Fuleli side of Hyderabad and are working progressively. Two Tanneries at Pano Akil which have been working for the last twelve years but were neglected very badly, have also been revived and they have started functioning satisfactory. Two prospective tanneries are installing scientific machineries of big production capacities. In short this industry has been revived and is progressing rapidly and its future appears to be bright.

Footwear—The footwear Industry in this province has only this year taken its birth. The progress made by this industry just after his establishment spells land

mark in the history of development. For its footwear requirements last year, Pakistan depended utterly on the supplies from India and other countries, while now our markets are found flooded with shoes of indegenous industry and the country feels self sufficient in this essential commodity. Apart from a machanised shoe making factory with production capacity of 500 pairs daily, there are about 10,000 people who work on cottage scale and produced 5,000 pairs of shoes daily. Main centres of this industry are Karachi and Hyderabad. If the skilled refugees scientifically rehabilitated in line with their trade and calling the industry's future in Sind is very promising and bright.

Statement showing various small scale Industries in Sind and Karachi and number of labourers employed by each.

Kind of Industry	No. of Factories	Approximately labour employed
Cotton Ginning and Pressing Factories ...	89	62,300
Agriculture and Engineering Factories ...	195	38,000
Silk Weaving Factories	14	330
Cotton Weaving Factories	172	4,970
Wool Spinning Factories	5	6,470
Cotton Spinning Mills and Thread Balls Factories	45	1,580
Hosiery Factories	8	97
Lace Making, Finished Nets and Niwar and Rope making factories ...	7	170
Leather Tanneries	3	360
Bone Factories	3	750
Oil Mills	9	2,000
Chemical Industries	6	140
Soap Factories	106	645
Cement Factories	2	1,200
Carbon and Ribbon Manufacturing Factories	1	150
Bulb Manufacturing Factories ...	1	250
Glass Factories	1	500
Ice Factories	23	476
Tile Factories	5	65
Biscuits and Confectionery Factories ...	12	650
Aerated Water Factories	6	150

NORTH WEST FRONTIER PROVINCE

The North West Frontier Province is industrially one of the most backward areas. The only major industries now in existence are one medium sized sugar factory, and small match factory, besides a dried fruit processing factory, a fruit canning factory, both of which are owned by Government. A very large sugar factory probably the largest in Asia is under construction at Mardan and is likely to be completed soon. The maximum annually crushing capacity is 5 lakhs tons of sugarcane which will yield about 50,000 tons of crystal sugar. A distillery is proposed to be added to this mill which will produce about 12 lakhs gallons of power alcohol for mixing with petrol. A medium sized tannery is under construction at Nowshera and may start functioning this summer.

Scope for further large scale industrialisation exists in certain directions such as minerals, drugs, wool, leather and tobacco but wider benefits would acure from small-scale and cottage industries spread over as large an area as possible.

Apart from the availability of certain valuable raw materials, the Province is most favourably situated for the marketing of finished produce in Tribal Territory, Afghanistan and parts of Central Asia. Cheap hydro-electric power is available in sufficient quantity,

North West Frontier Province Produces some very valuable raw materials in large quantities on which several important industries could be based. The government accepted this claim and agreed to the allocation of several undermentioned factors to the North-West Frontier Province during the first five years programme of the industrial development of Pakistan;—

Woollen spinning and woollen weaving Mills— The Province with its tribal areas is gifted by nature

with a climate and environment best suited to the grazing of sheep. Excellent strains of various classes of sheep are available in different parts of the Frontier and are indigenous to these tracts. An economic survey recently carried out reveals that about 3½ million pounds of wool is produced in the Frontier while another million is imported from Afghanistan. The Total quantity of wool thus available in the Province is about 1/3rd of the total wool production of Pakistan. In the absence of any spinnery or textile mill in the province less than a tenth of the available supply of raw wool is consumed locally in the manufacture of blankets, namdas and ordinary carpets. The rest used to be exported to Dhariwal and Amritsar before the partition. These markets have now been lost temporarily. Means are therefore, to be found to utiize this valuable raw material to the best advantage of producers within the Province. This can be done by setting up spinning and weaving mills. The industry is sure to pay heavy dividends to the industrialists in due course.

Tanning factory—As has already been pointed out there is no organised tannery in this Province except the medium sized factory now under construction at Nowshera. It will, however, consume only a small fraction of the large number of hides and skins produced in the Provinces and the Tribel Areas. The total number of hides and skins available for tanning in the Province (including those imported from Afghanistan) is estimated at 2⅓ million pieces. The principal curing and the tanning materials are salt, lime, washing soda and sujji. Salt is available in abundance in the Kohat Salt Range while sujji is produced in large quantities in Tribal Territory. Plenty of lime is available throughout the Province at a small cost. Washing soda and sulphuric and hydro chloric acids are not produced in the Province at present

but can be imported. The most important barks utilised in tanning are babul and pine. Babul grows in this Province but in very small quantity. Large quantities, however, are available in the Punjab, Pine bark can be obtained abundantly from annual fellings in the forests of Hazara and Malakand. There is, therefore, a big scope for the setting up of more tanneries.

Cement factory—There is abundant lime stone in the Frontier Province, in close proximity to which suitable clay or shale is found. Mention may be made here of the large lime-stone ridge on which the hill-station of Cherat is built, the limestones and marble ridge froming Ghundai Taraki on the border of Swat and the Mardan district, the marble and limestone near Swabi end between Swabi and Jahangiria, the very large supplies of the Mullagori area and other parts of the Khyber Agency, and the numerous limestone hills of Kohat district. Supplies of gypsum, which is used among other purposes for the manufacture of various kinds of wall plasters and cement can undoubtedly be obtained from some of the territory beds in the Kohat district. The availability of cheap motive in the form of hydro-electricity should solve the problem of fuel. The demand for cement as a building material has shown a remarkable increase in recent years and is destined to show a further rise as the shortage of steel and timber becomse acute. Cement industry has a great future before it.

Caustic soda and chlorine products factory—Basic raw material for this industry is salt. The Kohat salt deposits which occur at Jatia Bahadur Khel and Karak are considered to be the biggest salt exposures in the world. At the present rate of out-put they are practically inexhaustable. The annual out-put is above

5,00,000 maunds but more could be extracted to feed a 10 ton a day capacity factory.

Sulphuric acid factory—Sulpher deposits are reported to exist in Chitral, Shirani country and at several places in the Kohat district as well as at Gundol in Gundon Tribal Territory. The commercial possibilities of these deposits have not yet been investigated but if they prove to be workable economically, it should be worth-while establishing a sulphuric acid factory in the Province.

Sugar Mill—Sugarcane is grown over about one lakh acres in the Province. Of these about 90,000 acres are in the Peshawar and Mardan districts. The present estimated yield per acre is between 15 to 20 tons of sugarcane. Of this only about 50,000 tons is consumed by the sugar factory, at Takht-i-shahi. The new factory at Mardan will consume about half a million tons of sugarcane. This will still leave ample quantity of sugarcane to feed another mill of 500 tons capacity per day even after making an allowance for the manufacture of gur and the supply of seed.

Tobacco and cigarette factory—Tobacco is grown over an area of about 15,000 acres, mostly in the Peshawar, Mardan and Hazara districts. At present it is used chiefly for smoking and snuff making. Experiments recently conducted by the Department of Agriculture reveal that Virginia tobacco can be grown successfully at several places in the Province. There is thus ample scope for the setting up of a tobacco and cigarette factory in the Province.

Factory for the munufacture of drugs from medicinal herbs—Medicinal herbs of great commercial and scientific value ranging from those growing in hot tropical and damp climates to those growing in dry,

teperate and very cold climates are available in the Province. The most important of these which grow in abundance and are of good quality are artemisia and phedra. Artemisia is well established in the Kurram Valley and the Agriculturel Department has recently succeeded in isolation a variety which contains as much as 4·24% of snntonin. From about 120 tons of artemisia about 1800 killo of santonin, valued at about Rs. 12 lakhs can be extracted. The capital outlay on the setting up of santonin factory is estimated at about Rs. five lakhs while working expenses will not exceed Rs. 67,000 per annum. Ephedra grows in a large quantity in the Kagan Valley of the Hazara District, Waziristan and the Khyber Agency. The Kagan ephedra has been tested and found to contain 1·52% of ephedrine. About 15 to 20 thousand maunds can be collected annually in the Kagan Valley, 8 to 10 thousand maunds from Waziristan and 3 to 4 thousand maunds from the Khyber Agency. Artemisia used to be purchased by a firm of drug manufacturers in England, and lately by a firm in Amritsar. Ephedra used to be exported in large quantities tc markets in India. . The establishment of factory for the manufacture of santonin and ephedra can be productive of great benefits and there aie other valuable herbs such as belladona, Indian podophyllum cochincheni, leteum, etc., which can in due course be used fcr the manufacture of other drugs.

Extension of match factory at Garhi Habibullah—A small scale match factory was established at Garhi Habibullah some time agc. Of late it has not functioned satisfactorily on account chiefly of non-availability of essential chemicals. Shortage of chemicals is not likely to last long and the timber resources of the Hazara District permit of extension of this factory to

produce matches to meet the entire needs of Western Pakistan.

Glass factory—Silica sand is available in large quantities in hills near Garhi Habibullah. Other sands in the manufacture cf glass-ware are available at different places in the Frontier. A medium sized glass factory will be of great commercial benefit to the investors.

Starch factory—Good quality maize is produced in the Hazara District and in Swabi Tehsil of the Mardan District. If food supplies can be assured from the Punjab and Sind some quantity of Hazara and Swabi maize can be used for the manufacture of starch which will be in great demand as soon as cotton textile mills are established in West Pakistan.

PUNJAB

The industrial and commercial life of this province was completely paralysed owing to the partition. It would take time to reconstruct the industry of the province so that it can be an asset to the country. The number of factories registered under the Factories Act, 1934 can be divided into two categories seasonal and perennial. Cotton Ginning and Pressing Factories form more than 90 per cent. of the total number of seascnal factories, the remaining are engaged in rice husking, sugar and fruit canning. Among the prennial factories the most important are textile mills, foundries, engineering workshops, cement factories, flour mills, glass and rubber factories, chemicals including turpentine, matches, paints and varnishes, petroleum refineries, sports and surgical goods. The two largest textile miils are situated at Layallpur and Okara. Other important industrial ccncerns are a turpentine and rosin factory at Jallo, a factory of vegetable oils at Layallpur, cement factories at Wah and Dandoot,

factories for the manufacture of electrical apparatus at Lahore and Rawalpindi and fcr the manufacture of sewing machines at Lahore. The Attock oil company is engaged in extracting and refinning minéral oils in the Rawalpindi District.

Various other industries of the Punjab have already been described previously. Sialkot is the centre of sports goods industry and surgical instruments industry. It is now over 40 years since surgical instrument industry was established in Sialkot. In the beginning the produced goods were consumed in India but in 1930 some manufactures contucted importers in adjoining countries like Afghanistan and Egypt and they were successful in concluding some business. The second world war gave rise to this industry as enormous businese pouring in from countries such as Australia, New Zealand, Malaya, South Africa, Palestine and Ceylon. Besides this huge orders were then placed by the Supply Department of the Government of India. The partition did not effect much this industry as the important factories were owned and worked by Muslims. Some set back to the flow of business occured due to the disturbances, riots and difficulties in procurement of raw materials, but which now overcome to great extent with the help of the Government. At present the rate of progress in all directions is much satisfactory and a very bright future for this industry is assured.

EAST BENGAL

Only 12 per cent. of the industrial establishment that were in existence in undivided Bengal fell to the share of East Bengal, where there were only 7,000 industrial workers on August, 14, 1947. Among the important factories are 84 rice milling, 11 cotton textile spinning and weaving, 10 sugar factories, 4 each vegetable oils and match factories, 3 each of fruit and

vegetable processing and glass and glassware and 22 general engineering and electrical engineering.

Ever since the admit of the British whatever industries developed in Bengal were located in and around Calcutta, the districts now comprising the new province of East Bengal being a mere hinter land suppling raw materials for those industries. The Central as well as the Provincial Government have now taken up the question of industrialisation of the Province in right earnest. Plans are being drawn up for the establlshment of various industries like paper, jute, leather and sugar etc., which will be set up more or less on a large scale. Provincial Government have already chalked out plans for the revival of cottage industries such as shall and horn's button industry and conch industry etc.

The soap industry of East Bengal which has had a century old reputation and extensive market, experinced great difficulties during the period of control. It has now been thoroughly rehabilitated with a steady supply of caustic soda and soda ash. All the factories of East Bengal are now normally functioning with Government assistance.

TEA INDUSTRY

Pakistan's Tea gardens mostly lie in East Pakistan in the districts of Sylhet and Chittagong. The industry before partition was worked jointly with the resources of West Bengal and was then supposed to be one of the most important tea industries of world. Partition of Bengal brought about many difficulties and the tea gardens of East Bengal initially suffered a rude shock as the pattern of trade of the gardens which now lie within Pakistan was seriously disrupted. Many of the smaller garden in the Chittagong District went out of

production: others could not secure labour or machinery in replacement. The Chittagong Port which used to handle on occasions over 75 crores pounds of tea annually was unable to take this load of tea shipment to England and to the rest of the world. After partition volume of business increased and the old trade channels were re-opened the trade traffic on the Chittagong Port took the greatest share thereby giving a set-back to the Tea Export. The vertual closure of Calcutta auctions to Pakistan teas affected the Pakistan Gardens profoundly. Inspite of these set-backs the Sylhet and Chittagong gardens produced about 45,000,000 pounds of tea annually from 74,325 acres under cultivation. The quality of the tea produced may be described technically as "clean, common, sweet liquoring, with some colour." It is valuable in blends and it has an important part to play not merely in the internal markets of Pakistan but also in tea's world economy.

It is true to say that no industry, no matter how sturdy a set of individualists may control it, can survive to-day, let alone prosper, without Governments unstinted support and sympathy; this industry has, throughout this most difficult period, received the unstinted support and sympathy of the authorities. Although the demands upon ware-house accommodation in the Port have been enormous, Chittagong now handles a great proportion of the East Bengal trade which formerly went through Calcutta the Port and Railway authorities have placed a steadily increasing allotment of space at the disposal of the Tea Industry, so that though space for internal teas is still short, export teas move through the Port without delay.

In the International sphere, Pakistan has joined India, Ceylon and Java in the agreement which limits

fresh planting and which controls the volume of exports. Pakistan's basic acreage has been fixed as 76,600 acres, a few hundred acres more than are actually under tea at the moment, and she has the right, in common with other signatories, of extending this basic acreage by 4 per cent. before March 1950. She has also the right to replace up to 10 per cent. of the total of her existing acreage with new tea on new land, provided that 10 per cent of old uneconomic tea is simultaneously uprooted. It is believed that these rights will be adequate for Pakistan's needs, and as the International Agreement makes no stipulations regarding the quantity of tea which may be produced from the permissible acreage and as Government's policy in respect of fertilisers has been most generous, there will be ample scope for increasing production, should internal demand so Justify.

At the moment, the foreign calls upon Pakistan's production are so great that there is no need to encourage the consumption of tea in Pakistan itself, but Government has realised that this condition may not always continue, and legislation is accordingly under preparation which will enable internal propaganda to be undertaken, should surplus tea for any reason become available. The Board which is proposed will be financed by a cess levied upon all teas produced in Pakistan, and will, in addition to propaganda for the proper utilisation of tea, undertake scientific research into all aspects of the industry. Pakistan has also under contemplation membership of the International Tea Market Expansion Board, a body with its head-quarters in London and its Bureaux in New York, in Canada and on the Continent.

Nearer home, the Industry has had its own problems of reorganisation and re-orientation. Previous to

Partition, the big Agency House and many of the individual properietors were established in Calcutta and it was Culcutta (or London through Calcutta) which controlled the policy of the gardens, the purchase of supplies, and the manner in which the crops was marketed. Which Partition, the need arose to set up new companies in Pakistan; to find new staff, and, even more difficult, to secure accommodation. Land is very scarce in Chittagong: building materials are expensive everywhere; and progress has inevitably been slow. Nevertheless, nearly every large Agency has either set up its office in Pakistan or has floated a Pakistan company. Of special importance has been the establishment, in July 1948, of Pakistan Brokers Ltd., while more recently, Ahmed Agencies have also placed their resources at the Industry's disposal. Auctions were held in Chittagong for the first time on July 16, 1949 when nearly 1,500 chests of tea were sold, at prices which compared most favourably with those which similar teas would have fetched in Calcutta. Upon the success of these auctions, and upon the demand for East Bengal tea which can be stimulated in West Pakistan, depends a great deal of the future prosperity of the Industry, especially of the smaller units.

Naturally gardens in Pakistan, which mostly fell in the past within the membership of the Surma Valley Branch of the Indian Tea Association, set up their own organization after Partition. The Pakistan Tea Association, East Bengal, has now 106 member-gardens, out of the 118 active gardens in the Province. The acreage of member-gardens is 69,129. A Pakistan Tea Association (London) has also been formed. It is the intention to establish an Association in Calcutta also, so that Pakistan teas will be represented in both Dominions, in Britain, and through the International Board of which

Pakistan is a members—in America, Canada and on the Continent of Europe.

Industries Co-operative Societies—At present 45,400 co-opertive societies with a membership of about twenty lakhs and with a working capital of rupees fifty crores are actively working. The province-wise details of above mentioned consolidated figures are given below :—

Province	Societies	Members	Working Capital (in crores of rupees)
Punjab	15,000	8,38,000	22 00
Sind	2,000	1,00,000	7 50
North West Frontier Province	2,000	50,000	1·30
East Bengal	26,000	10,00,000	19·00
Bhawalpur State ...	400	12,000	·00

CHAPTER V

LABOUR

It has not yet been possible to get accurate statistics of Pakistan's labour strength. A rough estimate, however, is that there are over six and a half lakhs of workers employed in organised industry, over two lakhs of whom are working in factories subject to the Factories Act, a lakh and half each on railways and in tea estates, another lakh and a quarter in mercantile marine, 15,000 on the docks of our ports, Karachi and Chittagong, 7,000 in mines and 15,000 in miscellaneous establishments like inland water and other transport. It is difficult to assess the number of landless agricultural workers and wage earners employed in quasi-agricultural home and cottage industries but there is little doubt that it runs into several millions.

There is no regulation of labour employed in agriculture, on organised plantations, cottage industries or other non-power or small industrial establishments not covered by the factory law. Having only a small mercantile marine and large seafaring population who, perforce, have to seek employment on foreign ships, Pakistan is not in a position to regulate employment of seaman. A part of their troubles could be overcome if they were recruited at the Pakistan ports. The Government is however organising a chain of welfare service for them, with headquarters at Karachi and with offices at Chittagong, Calcutta, Sydney, London, Liverpool and New York. Provincial Shops and Commercial Establishments legislation is in force only in a few towns in Pakistan. Contractors of labour employment on Pakistan public works are required to pay fair wages and to set up labour camps for imported labour with suitable arrangements for sanitary services

and medical assistance. It is probably time that the archaic system of labour contractors, having its roots in the language difficulty encountered by early foreign exploiters, be liquidated, not only in public works but also in other spheres of industrial activity.

The Labour Code consists of the Acts in force at the time of partition since when have been enforced the Dock Labourers Act of 1934 and regulations issued under it. The provisions of the Payment of Wages Act have been extended to coalmines and oilfields and it is proposed to extend them also to salt mines, chromite labour and dock labour. The purpose of this Act is to ensure payments of wages with reasonable promptitude but without unreasonable deductions.

Internationally, Pakistan has been enrolled as a member of the International Labour Organisation. The Government has accepted as binding on Pakistan the obligations resulting from the ratification of 15 International Labour Conventions by pre-partition India. The Governments subscribes to the constitution of the organisation and its aims and objects, including that charter of labour called the Philladelphia Charter of 1944. As a democratic State, the Government beleives in social justice and endeavours not to lag behind any of their neighbours in the march of progress in the labour fields.

It is necessary, however, to keep things in proper perspective. The economy of every country is so interlinked among various sections that constitute it that any specially favourable treatment of one group is bound to have repercussion on the stability of some others or even of the community as a whole. The recent movements of refugee population have forcefully demonstrated that sudden or violent changes do good

to none. They destroy far more than they can possibly create. It is far better to have a blanced programme for advance on all sides in an evolutionary progression than by a revolutionary upheaval.

The problems of labour start with the child. It should be one of the main objects of the labour policy to prevent the exploitation of the child and various labour enactments prescribe minimum ages up to which children may be employed in various forms of industrial activities. The law also should provide special protection during adolescence. Similarly, there should be restrictions on the employment of the weaker sex. The needs of the worker are opportunity for work, adequate wages and satisfactory conditions of work and living. Pakistan is one of the poorest populations in the world and industrialisation, co-operation and other tried methods of alleviation of their distress should, therefore, be fully explored. For those already in employment, there should be at the work-place safe and healthy conditions of work, while at home there should be good housing with proper arrangements for water supply, light and drainage together with educational, cultural and recreational facilities. Working hours should be reasonable and there should be well-defined terms of employment. There should be machinery for collaboration and internal settlement between the two co-partners of production, the employer and the employee. The factory and mining labour laws prescribe suitable working limits and for safe and healthy working arrangements. The Industrial Establishments (Standing Orders) Act requires specification of terms and conditions in force at an establishment, so necessary for avoidance of disputes. The Industrial Disputes Act vests in Government the power to require the appointment of works committees in larger industrial

establishments. Few establishments have so far voluntary set up such committees and Government should here and now apply statutory compulsion of their employment. This Act also provides for conciliation in industrial disputes which can later be referred, if necessary, to a court of enquiry, board of concilation or industrial tribunal.

The obvious link between the work-place and the home is the pay packet and it should be adequate to meet essential needs of the family with a margin for enjoyment of leisure, protection against a rainy day, sickness, unemployment and old-age. In the requirements of social security, the private industry, the Workmen's Compensation Act and Maternity Benefit Acts are there. Schemes for social insurance presuppose stable labour and steady employment and may take time in comming to fruition here. But a begining has to be made somewhere. Provident Funds Schemes, to which both employers and employees contribute, can constitute a usesul course of advance. Government undertakings generally make full arrngements for pension or provident fund, medical aid, leave and stability cf employment. A rise in money wages can seldom prove to be sufficient when inflation is rampant. More wages means more inflation but comparatively less purchasing power and it may be desirable during the present abnormal conditions to evolve a system of payment partly in money and partly in kind. To meet the essential needs of the worker, say, in food & clothing, the employer might arrange to cut the middleman's profit by purchase of bulk supplies for distribution to his workmen at cost price or controlled and concession rates. The co-operative system may afford these facilities both to the employer and the employees.

Industrial Disputes—As regards industrial disputes, none have taken place since Pakistan came into being and up to the end of year 1948 in the North West Frontier Province and Baluchistan. Because of the dislocation caused by the partition, no particulars are available for Punjab. There were 12 strikes in Sind involving about 10,000 workers and a loss of 22,000 man-days. East Bengal had a bigger crop with 69 strikes, 40,506 workmen and a loss of 1,30,000 man-days. Internal settlement between workers and employers is bound to be more enduring then that imposed by outside agencies, like industrial tribunals. The first desideratum in this connection is that the employers and workers organisation should be in a position to join together to evolve a solution of matters in dispute. In the Punjab, Sind and East Bengal our labour is essentially patriotic. At the same time, it has its grievances which need to be redressed. It is necessary in the interest of the State for whose stability and well-being all work that we should devote adequate attention to their needs and welfare.

LABOUR PROBLEMS AND EMPLOYMENT EXCHANGES

The employment and resettlement, of which one so frequently hears under the name of employment exchanges was set up by the late Government of India towards the end of last world war as a part of a world-wide organisation as a free social service, is now part of the industrial policy of most of the advanced countries in Europe and America. The obvious reason is that in every modern socialistic or democratic country it is the responsibility of the State to create conditions which would afford equal opportunities of employment to its people, and to see that no one is left as a helpless victim of circumstances.

The need for employment exchanges has been felt by all the important industrial countries. In fact in countries like United Kingdom the Employment Exchange Offices are regarded as the back bone of the Ministry of Labour and National Services. In other words the entire labour organisation of that country regards its employment offices a most essential part of their scheme of labour welfare. This is because the most imperative need for the worker is to get employment; his earnings, welfare and his very exsistence depends on his ability to secure a livelihood for the maintenance of his family. The very fear of un-employment is prejudicial to a worker's happiness and efficiency while actually un-employment is probably responsible for as much misery as that caused by poor health and disease. The immediate effect of unemployment will be reduced income and as savings are usually in-sufficient to support the family the result must necessarily be a very severe fall in standard of life which very adversely effects on the efficiency of the worker. If unemployment continues for some length of time and the worker again secures employment he will find that his technical skill and earning capacity has been considerably diminished and he may be compelled to take unskilled job that comes along. Further unsteady employment destroys one's consistency and sense of responsibility.

The first and foremost need for a worker therefore, is to get a job. But in order to get a job the worker should know where his labour is required and when it is required. The Employment Exchanges provide him with this information. In the absence of Exchanges he will have to wander about hither and thither and shall perhaps be thrown from pillar to post; without anyone guiding him properly to the door he should knock for his

means of livelihood. It is conceivable that in one area there may be no employment available while in other development of industry is being retarded because of shortage of labour. There should be a public agency which possess full information and is fully acquainted with the over-all picture of employment in the country and is capable of directing the surplus of labour from one area to the other.

It is often argued that in an industrially backward country such as Pakistan, Employment Offices cannot serve quite as much a useful purpose as in an industrial advanced country. This may be true from the point of view of the employers who can get sufficient number of workers without approaching the Exchanges. But from the point of view of labourers who are illiterate and un-organised the existence of exchanges is most essential. A literate worker who is also a member of a strong trade union may get information through advertisements, union office or other source employed by the factory owners to attract workers. But a worker who cannot even read or write and is not a member of any union, the only agency available to him will be the one provided by the State. It has also been observed that it is comparatively easy to initiate welfare scheme such as health insurance, old age pension, medical relief etc., among organised workers as compared workers among whom the trade union movement is not developed. In this case the employment exchanges will have to become the pivot of various welfare measures.

The employment exchanges can also have a very salutary effect in improving the working condition in different industries. In Great Britain employers who do not treat their workers well or who are in habit of dismissing them frequently, invariably get bad name in

the exchange, and the exchages are generally reluctant to send good workers to such employers. Similarly, an employer who tries to under pay his workers is not looked upon with favour by the Employment Offices.

The employment exchanges are equally advantageous both to the employer and the workpeople, but the dependence of workers on them is very much greater. For instance in the event of a strike or a lock out in an industry the exchanges have to adopt a neutral attitude. They will be most ill advised to provide black legs to break a strike. The neutral attitude of the exchanges enables the worker to maintain the solidity and to use the weapon of strike for the redress of their grievance. In countries where the exchanges undertake large scale transport of worker from one area to the other, they have to arrange for the welfare of labour which migrates under their direction. The welfare officer attached to the exchange has to look after for billeting or housing of the workers, transport and arrange transport for them from their residence to the place of work and also to see that the workers settle down comfortably in their new environments.

Another welfare activity with which the exchanges are closely connected is the training of labour. If the exchanges discover that there is greater demand for carpenters than for mechanics it is their job to induce the unskilled workers to take up, training in carpentry and thus relieve the shortage of carpenters. Similarly if the supply of labour in a particular craft is greater than what is demanded by the industry, the exchanges will be first to notice it. It shall be their endeavour to persuade workers trained in that craft to change their vocation and received training in the craft for which workers are most urgently required by the industry. Economic progress necessitates the giving up of old

trade and the taking up of new one. The discovery of substitutes, innovations and changes in the industrial orgrnisation will always cause serious hardships among the work-people but these hardships can be mitigated if there is an organisation which can look ahead and point out to the workers the new trends of employment. The rural artisans of our country under went tremendous hardships, when the machine made goods threw them out of employment. In the absence of employment office, the period of adjustment is painfully prolonged. We cannot afford to repeat this mistake, when our country is on the threshold of vital economic changes. Countries which have initiated labour welfare schemes such as unemployment insurance, health insurance etc., have discovered that employment offices are the only agencies through which such schemes can be properly worked.

The Role of Employment Exchanges in the Industrial Economy of Pakistan—As Pakistan is predominently an agricultural country & industrially underdeveloped, therefore large quantities of raw materials are exported to all parts of the world. It is not a happy state of affairs to be merely exporters of raw-materials. Confronted as we are with numerous almost unsurmountable difficulties the pace of industrialisation has not been what we would have wished. This tardy progress militates directly against our national prosperity. The reasons are so very obvious. The fact, however, remains that without industries we cannot appreciably raise the living standard of our people. Therefore, it is of utmost national importance that we redouble our efforts in the pursuit of industrilisation of our country.

For sucessful industrilisation three factors are essential, namely raw-materials, man-power, and mrakets. Pakistan being the fifth largest State in the

world has undoubtedly sufficient manpower for its industries. But it has to be registered, classified, and graded, in order that it may be utilised to produce maximum results. The agency which is entrusted with this important task is known as Employment Service Organisation. In all the countries that are industrially advanced, employment exchanges play the part of a sound and healthy heart pumping life blood into the veins and arteries of the industrial life of the country by keeping them supplied with appropriate manpower. The importance of Employment Service Organisation in industrial economy of a country can be borne out by the fact that it was the subject matter of discussion at the 31st session of the International Labour Conference at San Francisco in June of last year.

The general object of employment exchanges is to bring together employers needing workers and workers needing employment in such a way that the employers will find suitable workers and workers will find jobs best suited to their qualifications and tastes as rapidly as possible. The employment exchanges cannot create jobs. They merely provide opportunites for maximum employment, through the medium of an organisation which is scientifically organised to play that role. We are today confronted with the collosal problem of rehabilitation of refugees. The domn of unemployment stalks the land. These unfortunate victims must speedily find employment. Full employment in our country is as far as ever, inspite of the efforts of our Government and our public organisations, who are doing their best to ameliorate the lot of the refugees. The aim of the Employment Service Organisation would be to harness man-power resources for achieving full employment, higher productivity and out-put, and raising the standard of living.

In most of the countries Employment Service Organisation is a centralised subject. Every regional unit enjoys a large measure of autonomy. In such a small country as Great Britain, there are eleven regional offices. The fact that we have in such a vast country as ours only three regional departments of Resettlement and Employment is not in keeping with our desire to industrialise speedily. Unemployment in our country is wide-spread. It is not confined to a few compact areas. So that the present low number of units of Employment Service Organisations can never successfully tackle the problem of organisation and distribution of manpower is confirmity with our economic requirements.

Machinery for the management—labour collaboration with Employment Service is an integral part of the structure of every National Service. The Employment Convention 1919 of the International Labour Organisation lays down that Joint Committees of representatives of Employer's and Workers Organisation should be appointed to advise National Employment Service Organisation. In consonance with this International Convension there do exist in our country Advisory Committees attached to each Regional and Labour Exchange.

We all know that there has been recently mass migration of our people from India into Pakistan. This has resulted not only in unemployment, but also in making it wide-spread. The first task of Employment Service Organisation should be the collection and analysis of information concerning the condition and trend of employment and unemployment. This factual information is necessary for the formulation and the application of national policy of full employment and efficient distribution of manpower within the framework of our industrial programme. If we ignore this fact

now, we will soon be confronted with the very unpleasant problem of mal-distribution of manpower. This is bound to be a serious impediment in our future drive for maximum production. On this subject it will be better to quote Lord Beveridge. He said, " Manpower is a datum. It cannot be altered by State action; to take any thing else as a datum and to try to fit use of manpower, is to risk mass unemployment of mass fatigure."

This, therefore, leads us to the question of the policy that the Employment Service Organisation must adcpt in our country. Speaking generally, Employment Service Organisation cannot be an effective agency of manpower organisation and distribution unless its facilities are widely used by employers and workers. Unless its services are widely used, it cannot play the useful role of efficient organisation in the progressively increasing industrial economy of our country. The countries of the West have adopted various methods for popularising the services of employment exchanges. Among the methods used are planned national and local programmes and publicity including newspapers and technical periodical advertising, radio broadcasts, direct mail campaign, visits to employers' establishments and trade union offices and speeches to employers, trade union and other gatherings. The Employment Services Organisation in our country must effectively adopt all these methods of publicity to popularise the organisation.

Now that we are completely independant, we have also to give some thought to our system of education, keeping in view the aim of speedy industrialisation of our country. In this connection it must be borne inmind that the present system of education is ill-suitedto produce young men capable of effectively fitting in our future

industries. In urban areas specially, we must give our education an industrial bias. This will help our children to develop that talent which is so important for skilled production. This natural deficiency can be partly met by employment exchanges, in as much as they can have classes for vocational guidance and training for those seeking employment as skilled workers.

It would not be out of place to make here a reference to the glaring disproportion in the density of provinces. Thus in Baluchistan the population is 9 per sq. mile, in Sind 93, in North West Frontier Province 209, in Punjab 254 in Sylhet 586, and in East Bengal 870. These figures are very revealing. We find that some parts of our country are sparsely populated while others are densely populated. Every country should aim at all round and even industrial development. Our future industries must be so located and our population so distiibuted through the medium of our National Employment Service Organisation that the fear of lopsided development is avoided.

As far as possible our industrial centres should be spread out rather than concentrated. The latter course would be dangerous to adopt in view of the risks involved in the event of outbreak of hostilities. Near each industrial centre must be planned and established a Local Employment Exchange, which would attract unemployed workers for being absorbed in industries.

Self sufficiency in manpower is one of the treasured possessions of every nation. Fortunately, Pakistan has immense resources of manpower. This advantage can turn out to be a serious menance if our national policy proves to be such as to leave room for the spread of unemployment. No nation can rise to the heights of greatness unless it has first of all solved the bread problem of its people. No achievements, however,

great, can take the place of food in hungry stomachs. An efficient Employment Service Organisation can minimise unemployment and at the same time accelerate industrial production. It will thus be seen what an important role employment exchange can play in the industrial economy of Pakistan.

So far there has been made good achievement in the working of employment exchanges in Pakistan. There is a chain of employment exchanges and a number of training centres. During the period between 15th August 1947 and 31st December, 1948, our employment exchanges registered 2,88,297 workers, out of which 93,134 were placed in suitable employment.

Disposition of Labour—As Pakistan is industrially undeveloped therefore the position of labour in this country does not come at par with that of any other industrially advanced country. The short life of Pakistan has not been enough for any big industrial expansion. Neither industries nor agriculture is set working on organised lines and consequently labour has not been able to attain an organised stature. One has now begun to feel the sweeping changes and the swift move that has taken place in the direction of organisation of industries, agriculture and labour. To state briefly it can be said that organisation has begun to emerge out of choas and it will take much time before it matures.

The labour in Pakistan can be divided into two important categories *viz.*, industrial labour and agricultural labour.

Industrial Labour—According to the latest figures available which relate to the average daily number of employment of labour during the year 1947 show

that 2,03,736 labourers were engaged in 1649 factories situated in Pakistan excluding the acceeding states. To go into further province-wise details it can be stated that in the province of East Bengal 18,902 labourers were engaged in 170 seasonal factories and 27,549 labourers were engaged in 141 perennial factories, thereby making a total of 46,451 labourers being engaged in 311 perennial and seasonal factories in the Province. In Punjab 16,102 labourers worked in 217 seasonal factories and 97,917 labourers were employed in 506 perennial factories thereby giving a total of 1,14,021 labourers having been employed in a total number of 723 perennial and seasonal factories. In the North West Frontier Province 635 labourer in four seasonal factories and 751 labourers in 38 perennial foctories were employed thereby giving a total of 1,386 labourers having been employed in 42 perennial and seasonal factories. In Sind 17,877 labourers were engaged in 256 seasonal factories and 20,991 labourers were employed in 299 perennial factories thereby giving a total of 38,868 labourer's having been employed in 555 seasonal and perennial factories. In the Province of Baluchistan there is hardly any seasonal factory but there are only 18 perennial factories which employ 3,010 industrial labourers.

Considering the population of Pakistan the number of factories as well as the number of labourers employed of is much too small. But keeping in view the fact that country has yet to take a start in the industrialisation programme the figures quoted above are not too unsatisfactory. Considering the fact that our country is predominently agricultural country the present small disposition of industrial labour is not alarming. Still a large portion of our country's labour is engaged in agriculture. Up-to-date statistics about agricultural

labour are not available and we cannot determine the actual disposition of this kind of labourers.

The figures of the industrial labour given above relate mostly to un-skilled labour. Pakistan abounds in un-skilled labour while skilled or technical labour is wanting and it is due to the great dearth of skilled labour that all industrialisation programmes of our country cannot move with an speed with which we want them to move. Pakistan needs a very large number of skilled labour who at the moment may have to be imported from out-side, but this will not do. Unless we take immediate steps to send our technicians abroad for training and open technical schools and colleges, we cannot succeed in long term industrialisation of our country. The most important factor which necessitates having our own technical and skilled labour is that the cost of the imported skilled labour is generally much higher than that of the local talents if it could be made available within our country. The increased cost of labour tends to increase the cost of production and the increased cost of production handicaps the produce from capturing the market where produce of the same kind and same standard can be available at a comparatively much lower cost. There may be other benefits also but the one described above is and should be the greatest consideration in this matter. The training of un-skilled labour and the task of converting them into skilled or technical labour is the crying need of the hour and is a task which cannot be achieved without the direct aid from the State. Industrialisation must depend and its progress must wait till our nation could produce the desired number of technical and skilled hands.

Agricultural Labour—Agricultural labour has been the worst affected part of humanity. Partition of

India followed by the partition of Bengal and Punjab have directly hit the agriculturist class. Although statistics to define and determine the extent of damage to agricultural interests are not available, but an analysis and survey made gives an idea that migration and immigration from one province to the other and allotment of land made by the Government in consequence there-of to the new settlers has created a large number of un-economic holdings. The sudden increase in density of population per acre has brought about a great pressure on soil which has resulted in a steep fall in the standard of living. The standard of living which was already low has gone still lower. The gross income per cultivated acre has gone down to a great extent and unemployment has increased tremondously. Average of all the categories of un-employed agricultural labourers works to 66 per cent., which means two third of total male and female (twelve years and over) population is unemployed. A carpenter earns twice and a blacksmith two and half times the wages of a farm labourer. Skilled labourers are much better of than the farm labourers and the cultivators.

It is necessary to have a detailed survey and analysis of the existing agricultural labour problems in the country. Unemployment in agricultural and rural labour needs serious attention and investigation As a remedy for removing agricultural unemployment following suggestion can be made :—

(a) Co-operative farming and consolidation of holdings.
(b) Supply of better seeds, modern agricultural implements and good and scientific manures.
(c) Efficient means of irrigation, sinking of wells and increase in canals.

(d) Facilities of agricultural credit.

(e) Improvement in tenancy conditions and land reforms.

(f) Development of cottage industries so as to afford alternative employment in off season and creation of machinery for organising, directing and guiding the movement of agricultural labour.

HEALTH OF THE INDUSTRIAL WORKER

Definition of Industrial population—Before discussing the health problems of industrial workers it is desirable to consider what sections of the community should be included within this category. The conditions affecting the health of a worker may, broadly speaking, be divided into two groups namely, those which he shares with the other members of the general community among whom he lives and those which are associated with the occupation he pursues. In regard to the latter there may be special hazards to health arising out of particular occupations. The development of anthrax by those handling wool or skins and hides or poisoning by lead, chrome and other substances which are used in a variety of trades or manufacturing processes are examples of such special hazards. There are also other factors which have their influence on the health of the worker and these include lighting, ventilation and general sanitation of the workshop or factory, the dust and noise associated with the working environment and the provision that exists for rest pauses, meals and personal cleanlines. It seems correct to hold that, over and above the general provision for health protection which the worker can share with the other members of the population, he has the right to claim that special measures should be taken to

counteract the adverse effects of those factors which are associated with his occupation. The provision of such special health measures is the function of an industrial or occupational health service. I believe that, to a greater or less extent, all those who are gainfully employed outside their own homes will require the services of the occupational health organisation. While recognising this as the ultimate objective I consider that, as an interim measure, the term, 'Industrial population', may with advantage be limited to the classes of workers desciibed below :—

Persons employed in:—

(a) establishments governed by the Factories Act;
(b) unregulated factories;
(c) mines;
(d) the building industry;
(e) large public wo ks;
(f) transport organisations including railways, roads, inland waterways, high seas and docks;
(g) plantations such as tea, and sugarcane;
(h) distributive trades including retail shops and
(i) restaurants and hotels.

While industrial workers all over the world require special health measures for reasons I have already indicated, I believe that, in Pakistan, the need for protecting the health of this section of the community is even greater. In highly industrialised countries of the West industrial population is more stable than in Pakistan. The industrial worker in Pakistan, on the other hand, is generally a migrant from the rural areas and continues to keep contact with his home. He lives and works in a more congested and

unhealthy environment than that to which he had been accustomed. He often lives separately from his family and exposed to the temptations that urban conditions provide. The incidence of disease is therefore high among these workers and the continuous exchange of industrial population, which takes place between the large urban centres, where industries generally exist, and the rural areas, has already been recognised as a fruitful source of the spread of infectious diseases such as tuberculosis and leprosy. In the urban areas themselves the existing conditions of overcrowding and insanitation are largely associated with the influx of industrial workers, who live widely dispersed among the general population. A high incidence of disease in the former has therefore its repercussion on the health of the community both in industrial areas and in the villages.

Morbidity and Mortality among Industrial Workers—No reliable figures of morbidity and mortality among industrial workers are available. The machinery for providing such information does not exist at present. Many factories have no dispensaries and hence a reliable record covering all industrial workers cannot be had. Further, the information available from such industrial establishments as maintain dispensaries or hospitals is incomplete. Reasonably complete morbidity statistics are likely to develop only if there be health insurance for the workers, which provides for the certification of sickness before they become eligible for cash benefit. Such a scheme is, broadly speaking, non-existent in the country. The deaths among industrial workers are included in those for the community as a whole and are not shown separately in the statistics which the authorities publish.

Living in the midst of the general population industrial workers are subject to those diseases which are prevalent among the former. In addition they are also subject to other causes of morbidity and mortality associated with their occupations, particularly those which are of a hazardous nature. As regards general diseases, their prevalence among industrial workers must at least be as high as in the population as a whole. For reasons to which I have already referred I think it probable that the incidence of certain of these diseases might even be higher among industrial workers, particularly of tuberculosis, bronchitis and asthma. Little information is available regarding the incidence of occupational diseases in Pakistan.

MEDICAL RELIEF

(a) **Provision in side the Factory**—The Factories Act enables Provincial Governments to make it obligatory on an industrial establishment to make provision for first aid. The first aid arrangements provided by the great majority of the factories come up to the standard laid down by the Factories Act. As regards dispensaries run by industrial establishments, with some exceptions, the position is not so satisfactory. Drugs and equipment are, in the majority of these dispensaries, in short supply. There is a general complaint of shortage of quinine, particularly in East Bengal.

(b) **Provision outside the Factory**—The general conclusion that one can reach as the result of the survey of the total provision for medical relief outside the factory for industrial workers by Governments, local bodies, employers and private practitioners is that the existing facilities must be considered to be, on the whole, quite inadequate.

Sanitation, Lighting and Ventilation of Factories—Legal provision for ensuring the health and safety of the worker has been made in Chapter III of the Factories Act. Section 13 of the Act lays down that "every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance and shall be cleaned at such time and by such methods as may be prescribed". Under Section 14, the Provincial Government has the power to prescribe that every factory shall be ventilated in accordance with such standards and by such methods as may be prescribed. It is essential that these rules should be strictly adhered to.

Provision of drinking water—The provision of water supply in factories is legally regulated. Still in some factories, workers have to walk long distances for drinking water. In certain cases drinking water supplies are kept not far from latrines. In some establishments it is noted that the salary of waterman has to be paid by the employees. It should be obligatory on all owners of factories to provide, free of charge, safe and cool drinking water in adequate quantities to their workers and that it should be readily accessible to them.

Washing and cleansing facilities cannot be considered adequate in many industrial establishments. The provisions of special clothing in certain occupations is also of great importance.

Housing—By far the most important matter that deserves serious consideration in connection with the health of industrial workers is the housing problem. Today the housing conditions in all the big cities are most unsatisfactory. Overcrowding is a common feature to all these areas. Pakistans industrialisation is yet in its inception and we have got enough opportunities to prepare modern schemes and plans for providing most sanitary living conditions to our country's labour population.

Nutrition of the Worker—The diet of workers in factories, mines and plantations is generally of

low standard and lacks the essential nutrition elements. Particularly the quality of staple diet of workers in East Bengal is very low. The standard of diet must depend upon the level of wages and the purchasing powers. The wages paid to the labour are generally low and therefore a low standard of diet is no surprise. Efforts should be made to encourage workers to take meals at regular hours and to facilitate this the assistance of canteens inside the factories and a system of proper rest pauses should go along way to change the present irregular habits in case of many workers in respect of time of meals.

Hours of work—Regulations of hours of work has an economic aspect. Besides economic aspect there is also a health aspect which cannot be ignored. The numbers of hours an individual is called upon to work has a direct bearing on health. Long hours lead to fatigue which if continued from day to day injures the health of the employee, reduces his working capacity and increases liability to accidents. The Amendent of 1946 of the Factories Act has laid down maximum hours of forty eight hours per week. But in recent years the tendancy has been to stress the need for even smaller figure. Before the war United State of America and France were working forty hours per week. In Great Britain the Factories Act merely prescribes hours of work for women and children. Trade Union organisation have helped the employees to achieve a forty five hour per week. The question for consideration is whether in the interest of the health of a Pakistani worker reduction in the prescribed hours of work is desirable. He is generally speaking poor in physique, the standard of nutrition is low and he has no clean surrounding to live in. These are matters which should be taken into consideration in arriving at a decision as

to whether longer hours as compared with this in other countries are justified from the point of view of the health of our workers. Taking into consideration the health point of view and consequently the efficiency point of view it is to the best interest of employers that the working hours should not exceed more than forty hours a week in our country.

Women Industrial Workers—I should like to draw special attention to the lack of sufficient facilities for health work among women factory labour and to the inadequacy of the available number of women doctors, nurses and health visitors for work of this nature.

The employment of women workers makes it essential that there should be provision for nurseries or creches where their children can be left and given proper food and attention while the mothers are away at works. Existing creches in the plantations are not working satisfactorily, the chief defect being absence of arrangements for feeding the children while their mothers are away at work.

Maternity Benefits Acts are in existance in all the provinces. Women are receiving maternity benefit in the case of all the larger industrial establishments, including plantations. The maximum period for benefit allowed under the different provincial acts four weeks before and four weeks after child birth. Under the International Labour Convention the period recommended is six weeks in both cases. The grant of maternity benefit is of great importance from the point of view of the health of the mother and of the child. In Pakistan infant and maternal mortality rates are high. Therefore the need for giving the woman worker the period of rest regarded as necessary under the International Labour Convention must, be recognised.

CHAPTER VI

TRANSPORT AND COMMUNICATIONS

Transport and communication play a vital role in Pakistan's economy, for the two Pakistan zones are not geographically contiguous. Dacca, the capital of East Bengal, is separated by about 1,400 miles from Karachi, the capital ot Pakistan. Hence shipping, combined with an efficient system of land transport for internal movements, will play an important part in co-ordinating their activities in the economic sphere.

Pakistan is rich in raw materials for export, such as jute, cotton, hides and skins, tobacco, etc., and this involves a heavy traffic to the ports. As Pakistan is industrially undeveloped, large quantities of manufactured goods must be imported and taken to the hinterland.

Besides, food has to be moved frem the surplus areas of Pakistan to its deficit areas, and for export to other countries. Above all the defence requirements of the country necessitate an efficient system of communications.

Railway Transport—Of the systems of transport, the railways are by far the most important, as the bulk of the burden falls on them. There are two main railways, North Western Railway in West Pakistan, and the Eastern Bengal Railway, in East Pakistan, with a total mileage of 36,700 miles.

Before World War II communications in West Pakistan were rather more developed than in East Pakistan. During the war, however, the communications in both these zones were subjected to heavy wear and tear. The railways and roads were carrying large

number of troops and supplies, and since the production machinery in other countries was geared to war time needs, it was impossible to replace worn-out stock. Engines and rolling stock which had reached the limit of their age were pressed into service, while the permanent way, bridges, and the roads were subject to very heavy traffic. The deterioration in all directions has been particularly severe.

A large number of locomotives of the North Western Railway and the Eastern Bengal Railway have exceeded the normal life hitherto expected from a locomotive, viz., 35 years.

Similarly the coaches on both railways have also exceeded the normal expected life of 30 years. Replacements on such a large scale have not so far been possible. Although the replacement expenditure at the moment totals Rs. 1,470,000 in Pakistan's railways budget.

The present position regarding mileage and the rolling stock is as follows:—

Route mileage and Rolling Stock in Pakistan,

	Broad gauge	Meter gauge	Narrow gauge	Total
		North Western Railway.*		
Mileage ...	4,595	...	489	5,084 miles.
Locomotives ...	764	...	53	817 Nos.
Coaching stock ...	2,084	...	208	2,292 ,,
Goods ,, ...	22,968	...	587	23,555 ,,
		Eastern Bengal Railway.		
Mileage ...	538	1,039	20	1.597 miles.
Locomotives ...	156	274	...	430 Nos.
Coaching stock ...	655	1,079	...	1,707 ,,
Goods ,, ...	5,862	7,247	...	13,109 ,,

* Excluding 319 miles of Jodhpur Railway M. G. (Pakistan portion) along with some of the rolling stock and equipment which have been taken over by the N.W.R. from 28th July, 1948.

Railway Finance—Before partition, the railway lines in India were classified as "startegic" and commercial. The commercial lines were those whose maintenance was financially justified. These lines usually yielded handsome profits.

Unfortunately, the greater part of the strategic railways of Undivided India fell in Pakistan, which was thus called upon to shoulder the burden of maintaining them without getting an adequate return. Inspite of this the Pakistan Railways as a whole are expected to yield a profit in normal times.

The period of seven and a half months, from August 15, 1947 to March 31, 1948, was, however, a period of great strain on the railways in Pakistan. On the North-Western Railway there was serious dislocation and disorganisation of traffic. For months there was extreme shortage of coal, and only skeleton train services could be maintained. The movement of refugees further complicated matters. The Eastern Bengal Railway also suffered from shortage of coal, and was further handicapped by operational difficulties. Consequently, these railways suffered a loss during the period mentioned above.

The railway rates were enhanced by about 25 per cent *ad hoc* with effect from January 1, 1948 to cover the deficit.

Following are the consolidated statistics of income and expenditure of Pakistan Railways.

(In crores of rupees)

Year		Approximate Receipts	Approximate Expenditure	Surplus or deficit
1947-48	...	15.8	17.6	−1.82
1948-49	...	35.8	32.1	+3.7
1949-50 (April to Oct.)	...	21.9	17.4	+4.5

It means that Pakistan railways registered a loss of about 1.82 crores during 1947-48 due to abnormal conditions following partition, but shown a surplus of 3.7 and 4.5 crores in 1948-49 and in the first six months of 1949-50, respectively.

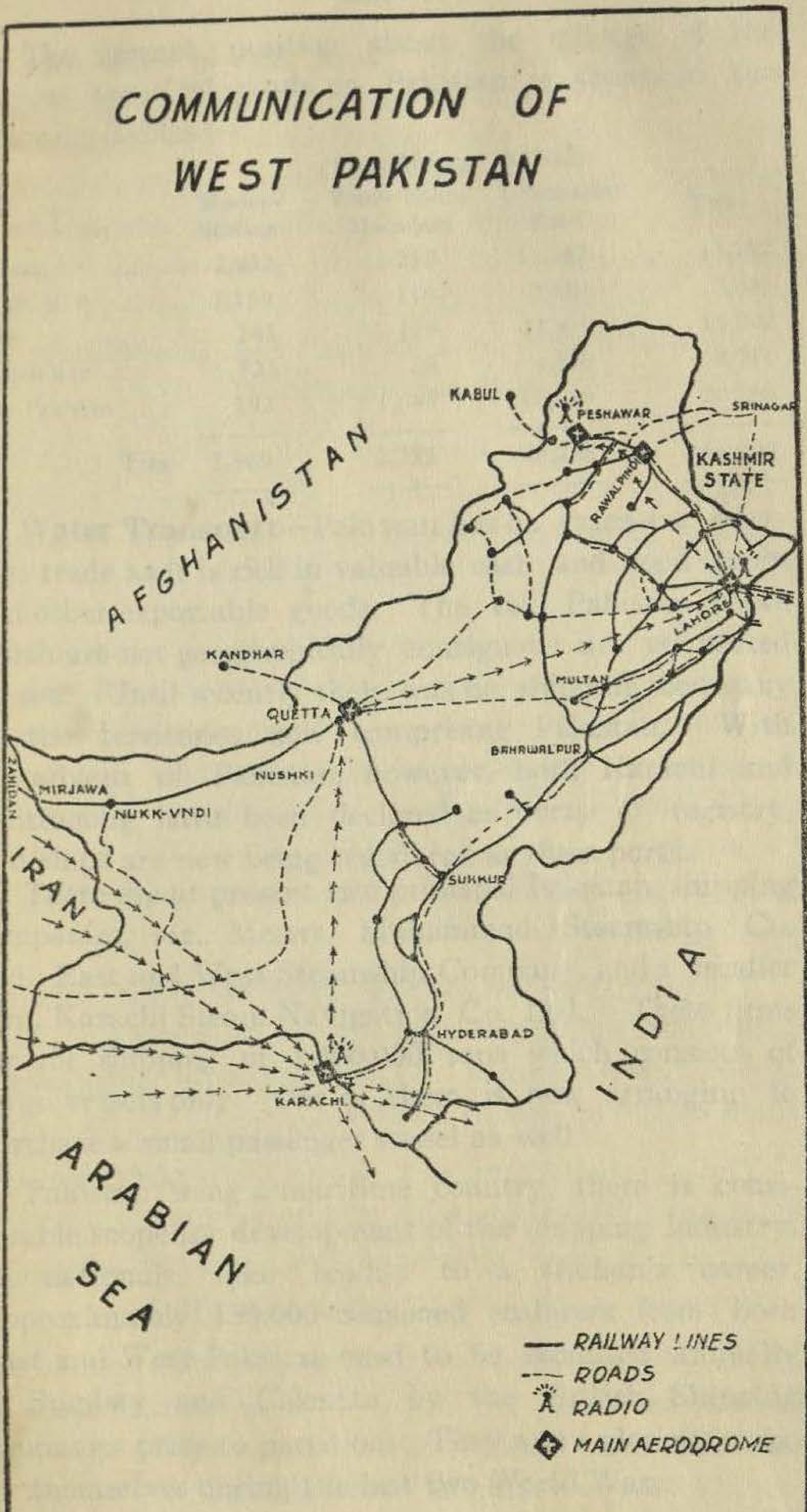
Road Transport—It is mainly by roads that the rural areas are connected with the towns. Roads are particularly necessary to facilitate the marketing of agricultural produce and the development of industries.

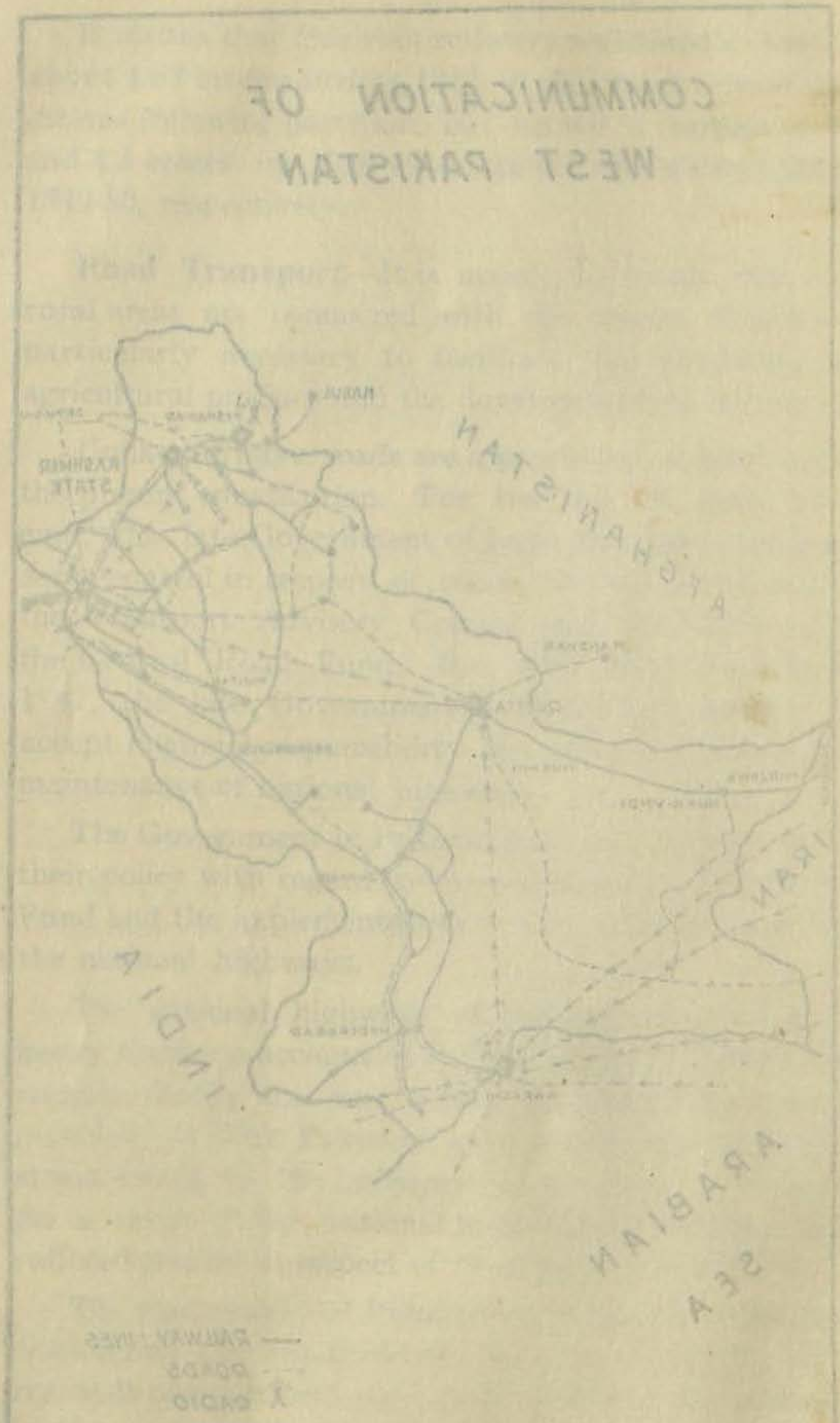
Unlike railways, roads are a provincial subject under the present constitution. For the last 20 years, however, the late Government of India had been exercising some control in respect of roads through the agency of the Transport Advisery Council and the working of the Central Road Fund. But with effect from April, 1947, the late Government of India had decided to accept financial responsibility for the construction and maintenance of national highways.

The Government of Pakistan have not yet formulated their policy with regard to the continuance of the Road Fund and the implementation of the scheme regarding the national highways.

The national highways of Pakistan were subjet to heavy traffic on account of the movement of troops and supplies during the war. After partition these roads, especially in West Pakistan, were subjected to further strain owing to the movements of millions of refugees. As a result of this, national highways in Pakistan have suffered greatly in respect of their surface conditions.

The road system of Pakistan is altogeher indequate considering the requirements of the country. The renewals of roads that have deteriorated in the past and further extension of the road system are urgently called for.


COMMUNICATION OF
WEST PAKISTAN
AFGHANISTAN
KABUL
PESHAWAR
SRINAGAR
KASHMIR
STATE
RAWALPINDI
LAHORE
KANDHAR
MULTAN
QUETTA
BAHAWALPUR
ZAHIDAN
NUSHKI
MIRJAWA
NUKK-VNDI
IRAN
SUKKUR
INDIA
HYDERABAD
KARACHI
ARABIAN
SEA
RAILWAY LINES
ROADS
RADIO
MAIN AERODROME


COMMUNICATION OF
WEST PAKISTAN
AFGHANISTAN
IRAN
INDIA
ARABIAN SEA
KASHMIR STATE
RAILWAY LINES
ROADS
RADIO
MAIN AERODROME

The present position about the mileage of the various types of roads in Pakistan is shown in the following tables:—

(Road Mileage 1942-43)

	Modern Surface	Water bound Macadam	Unmetalled Road	Total
Punjab ...	2,952	253	11,987	15,192
N. W. F. P. ...	1,159	119	2,420	3,698
Sind ...	143	120	11,439	11,702
Baluchistan ...	523	38	4,350	4,911
East Pakistan ...	792	1,695	18,019	20,506
Total	5,569	2,225	48,215	56,009

Water Transport—Pakistan has an extensive overseas trade as it is rich in valuable cash and food crops and other exportable goods. The two Pakistan zones which are not geographically contiguous are connected by sea. Until recently there was no shipping company in the territories now comprising Pakistan. With the advent of Pakistan, however, both Karachi and Chittagong have been declared as ports of registry, and ships are now being registered at these ports.

There are at present two principal Pakistan shipping companies, *viz.*, Messrs. Muhammadi Steamship Co. Ltd., East and West Steamship Company, and a smaller firm, Karachi Steam Navigation Co. Ltd. These firms control shipping of 1,400,000 tons which consists of cargo vessels only. One of them is now arranging to purchase a small passenger vessel as well.

Pakistan being a maritime country, there is considerable scope for development of the shipping industry. Its nationals take readily to a seaman's career. Approximately 150,000 seasoned seafarers from both East and West Pakistan used to be recruited annually at Bombay and Calcutta by the British Shipping companies prior to partition. They won a glorious name for themselves during the last two World Wars.

There are two major ports, one in each zone of Pakistan. Karachi is the main port, serving the entire needs of import and export trade, as well as the passenger traffic of West Pakistan. It is adequately developed, and capable of handling the normal trade passing through it. It is both a "port of call" and a "port of registry". There are at present 21 wharf berths and 18 seats of moorings, and the capacity of the port is 12,200 tons of cargo per day.

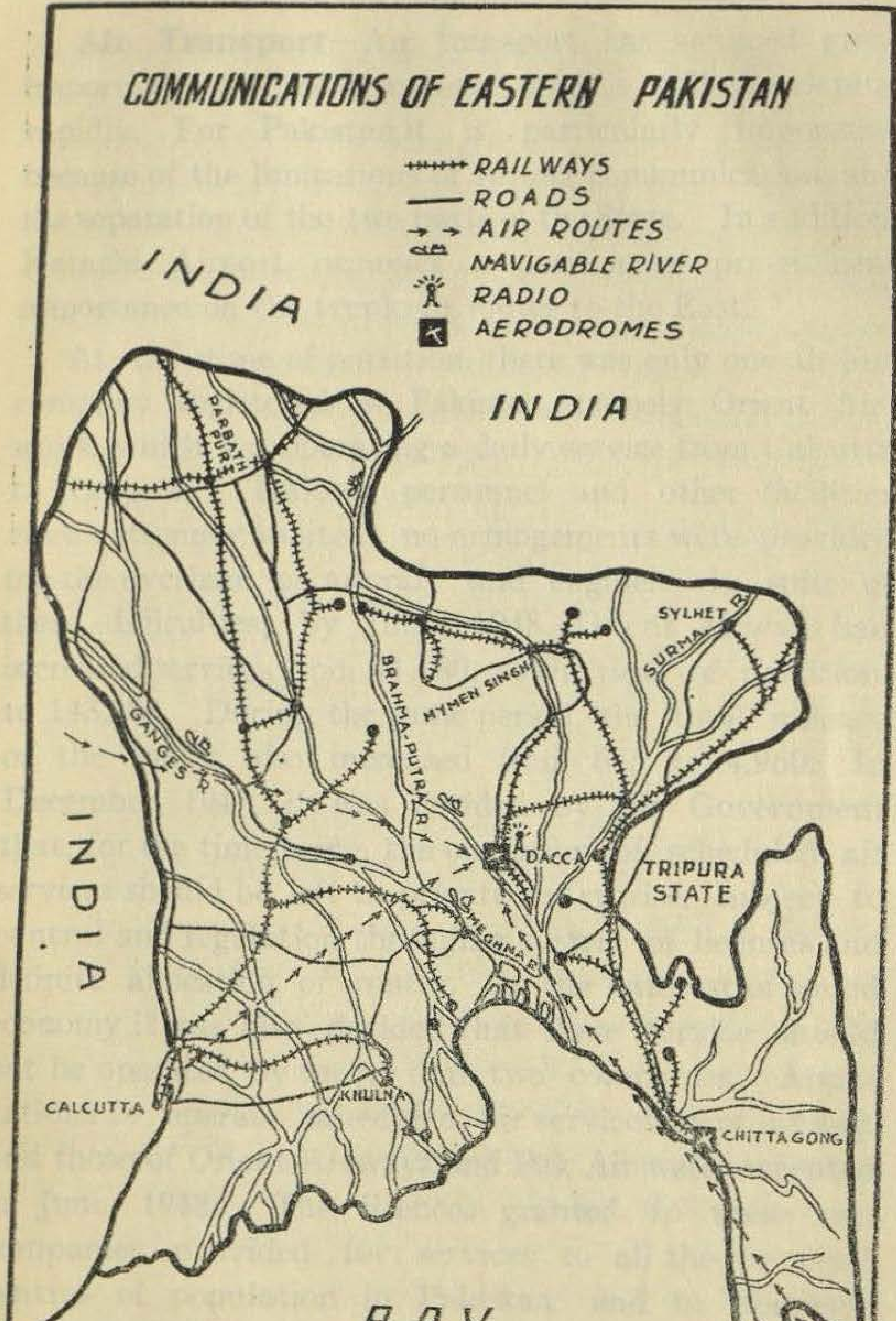
It is necessary to construct one dry dock each for commercial and naval ships. The estimated cost of a dock for commercial vessels may work out to about Rs. 10,200,000.

The port of Chittagong is situated at the mouth of Karnafulli River, in East Pakistan, and enjoys the reputation of being one of the best natural harbours of the world. It was, however, not fully developed by the late Government of India, mainly because of its vicinity to the port of Calcutta. With the establishment of Pakistan this port has assumed great importance.

The normal capacity of the port with the existing inadequate facilities and incomplete equipment is only 602,000 tons per annum. There are only four jetties with a total frontage of 2,205 feet.

The construction of new jetties, extending the existing ones, fitting then with modern equipment erecting additional storage accommodation, and an all-round development of the ports urgently required.

The importance of inland water transport cannot be over-emphasised. Although it is extensive used in East Pakistan, there is great scope for its development in East as well as in West Pakistan.


COMMUNICATIONS OF EASTERN PAKISTAN
RAILWAYS
ROADS
AIR ROUTES
NAVIGABLE RIVER
RADIO
AERODROMES
INDIA
INDIA
INDIA
PARBATHPUR
BRAHMA-PUTRA R.
MYMEN SINGH
SYLHET
SURMA R.
GANGES R.
DACCA
TRIPURA STATE
MEGHNA R.
KHULNA
CALCUTTA
CHITTAGONG
BURMA
BAY of BENGAL

Air Transport—Air transport has assumed great importance in modern times and is still developing rapidly. For Pakistan it is particularly important, because of the limitations of surface communications and the separation of the two parts of the State. In addition, Karachi Airport occupies a position of pre-eminent importance on the trunk air routes to the East.

At the time of partition, there was only one air-line company registered in Pakistan, namely Orient Airways, which was operating a daily service from Calcutta to Rangoon. Trained personnel and other facilities were extremely limited; no arrangements were provided for the overhaul of aircraft and engines. In spite of these difficulties, by June, 1948, Orient Airways had increased services from 41,880, at the time of partition, to 143,983. During the same period, the total mileage of the routes also increased from 685 to 4,960. In December, 1947, it was decided by the Government that, for the time being, the operation of scheduled air services should be left to private enterprise, subject to control and regulation through a system of licenses and definite allocation of routes. In the interest of sound economy it was also decided that these service should not be operated by more than two companies. Applications to operate scheduled air services were invited, and those of Orient Airways and Pak Air were accepted in June, 1948. The licences granted to these two companies provided for services to all the principal centres of population in Pakistan, and to Bombay, Delhi and Calcutta in India; also services to Ceylon, Burma and Singapur, Tehran and Cairo.

To provide for the overhaul of aircraft and engines in Pakistan, both for the civil air lines and for the Royal Pakistan Air Force, it has been decided to form a company to be known as Pakistan Aviation, Limited,

which will also provide for the training of aircraft maintanance, engineers and mechanics. This company will be financed, directed, and controlled by the Government and the two Pakistan airlines in partnership, the Government having a controlling interest. Arrangements are being made to obtain specialist personnel and equipment with the assistance of a well-known aviation firm, and the company is expected to start operations as soon as accommodation is available at the Karachi Airport.

With the exception of Karachi Airport, the development of civil aerodrome and aeronautical communications in the territories which now constitue Pakistan was not a prominent feature of the plans of the Government of Undivided India, but after partition satisfactory progress is being made, and current plans provide for the operational manning of the following aer odromes to appropriate standards:

Karachi, Lahore, Quetta, Hyderabad (Sind), and Multan in West Pakistan, and Chittagong, Dacca and Sylhet in East Pakistan.

In addition, the Air Force aerodromes at Rawalpindi and Peshawar are available to civil airlines. Other aerodromes are being maintained for future civil development. Karachi Airport and Flying Boat Base have been designated for international use, and it is proposed to so designate the aerodrome at Chittggong when the need arises and that aerodrome has already been developed to satisfactory standards.

The following table shows the average monthly traffic statistics for Karachi Airport for the year, 1948.

1.	Aircrafts arrivals and departures	1,057
2	Passengers embarked and disembarked ...	7836
3.	Passengers in transit	4307
4.	Mails offloaded and onloaded	90,550 lbs.
5.	Freight offloaded and onloaded	428,167 „
6.	Mails in transit	240,733 „
7.	Freight in transit	215,895 „

Posts and Telegraphs—After partition there was a considerable dislocation of postal services, due to transfer of staff, civil disturbances, and curtailment of railway services. The position, however, gradually improved and after some time services between the various parts of Pakistan itself and between Pakistan and Indian Union became quite regular and reliable.

New postage stamps has been brought into public use from the middle of August, 1948. Commemorative stamps of the demominations of 1½, 2½ and 3 annas and of Re 1/- have been released to the public with effect from 9th July, 1948.

Qaid-i-Azam Memorial Stamps of the denominations of 1½, 3 & 10 annas were also issued on the first anniversary of the Father of the Nation. A Philatelic Bureau has also been established at the Karachi General Post Office

The telegraph and telephone communication consisted of external or main line connections between different stations and the internal or local connections within these stations. At the time of partition, the total mileage of lines and wires for external connections for telegraphs and telephones in Pakistan territories was as follows:—

	miles.
Lines	27,534
Iron Wires	97,772
Copper Wires	60,325
Cables (all kinds)	262
Total ...	185,893

The total installed capacity of various telephones exchanges within Pakistan for local connections was as follows:—

	Line
Central Battery	5,020
Automatic	8,516
Magnet	1,417
Total ...	14,953

A wireless link between Karachi and Dacca has been installed. Dacca has become the Tele-Communication centre and is linked to most of the places in East Bengal both by telephone and telegraph. High power transmitters on the wirless link between Karachi and Dacca capable of high speed working, have already been installed. Karachi has also been linked with Cairo by direct radio telephone circuit. It is also proposed that overseas telephone and telegraph circuits should be installed to connect Karachi with other overseas countries.

CHAPTER VII.

TRADE AND COMMERCE

FOREIGN TRADE

Trade with India—Pakitan and India are economically interdependent. India needs Pakistan's surplus food and raw materials. Pakistan requires India's coal and manufactured goods. At the time of partition the two Dominions entered into a standstill agreement till March 31st 1948, providing for free trade between their territories. However, following the refusal of India to give Pakistan a due share of export duty on jute, Pakistan imposed its own export duty on their commodity. India, therefore, declared Pakistan to be a foreign country for purposes of foreign trade. This resulted in a severe restriction of trade between the two Dominions leading to a great deal of inconvenience to both. Therefore, a comprahensive trade agreement to be valid for the period of one year only was reached between the two Dominions on May 26. 1948, in which it was stipulated that :—

(1) India will supply to Pakistan 21,96,000 tons of coal; 4,00,000 balas of cloth and yarn; 90,000 tons of steel, pig iron and scraps; 7,500 tons of paper and board; 1,270 tons of chemicals and pharmaceuticals; 2,500 tons of asbestos cement sheets; 2,500 tons of paints, enamels and varnishes; 18,00,000 tyres and tubes; adequate quantities of leather and footwear; 10,000 tons of Malabar jungle wood; 50,000 tons of jute manufactures; 2,000 tons of myrobalams; 11,00,000 lbs. of woollen and worsted goods; 20,000 tons of mustard oil; 5,000 tons of groundnut oil; 2,000 tons of toilet soap and 70,00,000 lbs of flue-cured tobacco.

(2) Pakistan will supply to India 50,00,000 bales of jute; 6,50,000 bales of raw cotton; 1,75,000 tons of

Food grains ; 1,000 tons of gypsum per day ; 27,00,000 pieces of raw hides and skins ; 20,00,000 maunds of rock salt ; 5,000 tons of potassium nitrate and 550 heads of cattle.

Agreement on Supply of Essential Commodities— The above mentioned agreement was modified later on as follows :—

Indian Exports to Pakistan—Asbestos cement sheets (2,500 tons), canvas (1,50,000 yards), sulphuric acid (2,000 tons), alumunium sulphate (2,000 tons), hydrocloric acid (270 tons), nitric acid (200 tons), magnetic sulphate (800 tons), ferrous sulphate (400 tons), coal (2,040,000), mill made cloth (1,50,000 bales), cotton yarn (1,00,000 bales), hard wood (10,000 tons), jute manufactures (50,000 tons), myrabolams (2,000 tons), mustard oils (35,000 tons), groundnut oil (15,000 tons), copra oil (5,000 tons), vanaspati (1,50,000 tons), railway stores-underframe fittings (Rs. 1,50,000), fire bricks (Rs. 1,00, 000).

Pakistan Export to India—Raw cotton (4,500,000 bales) buffalo hides (2,00,000 pieces), cow hides (1,000,000 pieces), goat skin (800,000 pieces), sheep skin (70,000 pieces), raw jute (4,000,000 bales), rape and mustard seed (15,000 tons), and raw salt (2000,000 maunds.)

The trade between Pakistan and India went on smoothly till September. 1949. When the two Governments took different decisions about devaluation issue, Pound Sterling, was devalued on 18th September, 1949 India followed suit. Pakistan economic needs on the other hand justifical Non-devaluation and so status quo was maintained. Pakistan's Non-devaluation decision was formulated by purely economic motives and there were solid reasons for doing so. India, however refused to recognize the new Pakistan Indian rupee ratio 100:144

and the trade between the two countries came to a standstill. This position continued la e upto April, 1950, when in pursuance of the agreed policy of the two Governments and in accordance with the Pakistan-India Agreement, concluded on 12th April, 1950, between the Prime Ministers of the two countries, to promote goodwill and to revive trade between the two countries, an Indian Trade Mission visited Karachi for negotiating, barter. Accordingly a short-term agreement was signed in Karachi on 21st April, 1950. The agreement will be in operation untill July 31, 1950. Under this agreement the Government of Pakistan agreed to supply to India eight lakh bales of raw jute and the Government of India agreed to the export of certain commodities like jute manufactures, steel, cotton textiles, mustard oil etc. to Pakistan

To avoid currency difficulties the two Government have ageed as a temporary expedient that the above transaction will be accounted for in India rupee, through a special account maintained for this purpose.

Trade With Japan—It may be mentioned here that under the agreement signed between the SCAPE Mission and Pakistan in July, 1949 for a period of one year ending June 1950, Japan was allowed to purchase one lakh bales of cotton and 85,000 bales of raw jute from Pakistan.

Pakistan has also ageed to supply Japan with hides and skins, 20,000 tons of salt, 10,000 tons of cotton seed, 500,000 pounds of raw wool, 15,00,000 pounds of hamp and animal by-products.

In return, Japan was committed to supply Pakistan with cotton textiles and cotton yarn each worth Rs. 3 crores. Japan being the home of small textile industry, has been supplying Pakistan with her looms which the later needs urgently to infuse a new life into the new and nascent textile industry.

After the arrival of looms and spindles worth about Rs. 70 lakhs, it is hoped that the textile industry will be improved to a very great extent.

Japan, under this agreement, will also supply Pakistan with hydro-electric plants, bicycles, paints, electrical goods, optical goods, dyes, rolling stocks and small machinery.

Trade with Russia—A minute study of the Russian trade reveals that Pakistan's trade with that country has recorded a high level. During the last financial year 1948-49 Pakistan had exported cotton to Russia worth Rs. 4,43,35,374 while the imports into Pakistan from the Soviet Union during the same year amounted to Rs. 2,71,46,315 bringing a huge balance of Rs. 1,71,89,061 in favour of Pakistan.

The surprising and remarkable recovery of the Soviet Union from the ravages of war and post war economy with an increase in the production holds out good prospects of trade with Pakistan. As the production of capital goods in the Soviet Union have increased from 250 per cent to 750 per cent, she is definitely in a favourable position to supply Pakistan the capital goods in exchange for raw materials of cotton and jute, etc.

The Government of Pakistan is understood to have expressed their willingness to supply Russia jute, cotton, wool, hides and skin in exchange for capital goods which she needs for her industrial programme, and which Russia is in a position to supply.

It may be mentioned here that the Soviet Union had given about 1,20,000 tons of foodgrains to Pakistan last year and had imported mainly raw cotton from Pakistan.

A trade mission also visted Pakistan with a view to develop private trade relations between two countries. There are great possibilities of developing happy economic relations because Russia is prepared to supply Pakistan its essential needs and Pakistan is prepared to supply Russia its surplus raw materials.

Trade with France—The statistics available reveal that during period April 1948 to March 1949 Pakistan's export to France amounted to about Rs. 4,04,52,668 while the imports into Pakistan stood at only Rs. 44 lakhs, leaving a favourable balance to the extent of Rs. 3,61,00,000 with Pakistan.

Five principal raw commodities hides and skins, manures, cotton, jute and wool were Pakistan's exports to France. During the year 1948-49, Pakistan exported jute and cotton worth Rs. 3,41,11,624 and Rs. 35,23,401 respectively. The purchases of hides, skins and manures from Pakistan stood at Rs. 22,09,428 and Rs. 3,26,875. France had purchased wool worth Rs. 67,667 from Pakistan. Her miscellaneous purchases stood to Rs. 2,13,635.

Pakistan during this period of two years had imported nearly 17 articles worth Rs. 43,94,096 from France. Among the imported articles provisions and stores, silk piece goods, metals and ores figured prominently.

An excess of import over export is quite apparent in her existing trade relations with Pakistan. The disorganisation of her economy followed by a strong wave of inflation after the last war had reduced the ability of French goods to compete in the world market. Her pre-war deficit was another factor which had affected her post-war development and production.

As a producer of valuable raw materials, Pakistan is in a position to supply jute, hides and skins, wool, cotton etc, to feed industries in France but at the

same time Pakistan is very much anxious to ascertain as what products France can export. Pakistan is in need of capital goods and machinery and several such goods which would help to promote Pakistan's economy.

French dependents on foreign countries for agricultural products is greater now than it was before the war, although rising French farm production is alleviating this abnormal situation. In order to run its jute industry on a pre-war level, France has been clamouring for more and more jute from Pakistan. Last year two delegations came from France to Pakistan in order to secure more supplies of jute.

Trade With Azad Kashmir—The Azad Kashmir-Pakistan trade amounted to about Rs. one crore, and the customs duty realised by the Azad Kashmir Government on imports and exports was Rs. ten lakhs for the year ending on September 15, according to the official sources of the Azad Kashmir Government.

The exports from the Azad Kashmir consisted of fresh fruits, dry friuts, forest grass, hides and skins, chillies, herbs, sheep and goats, timber and other forest products.

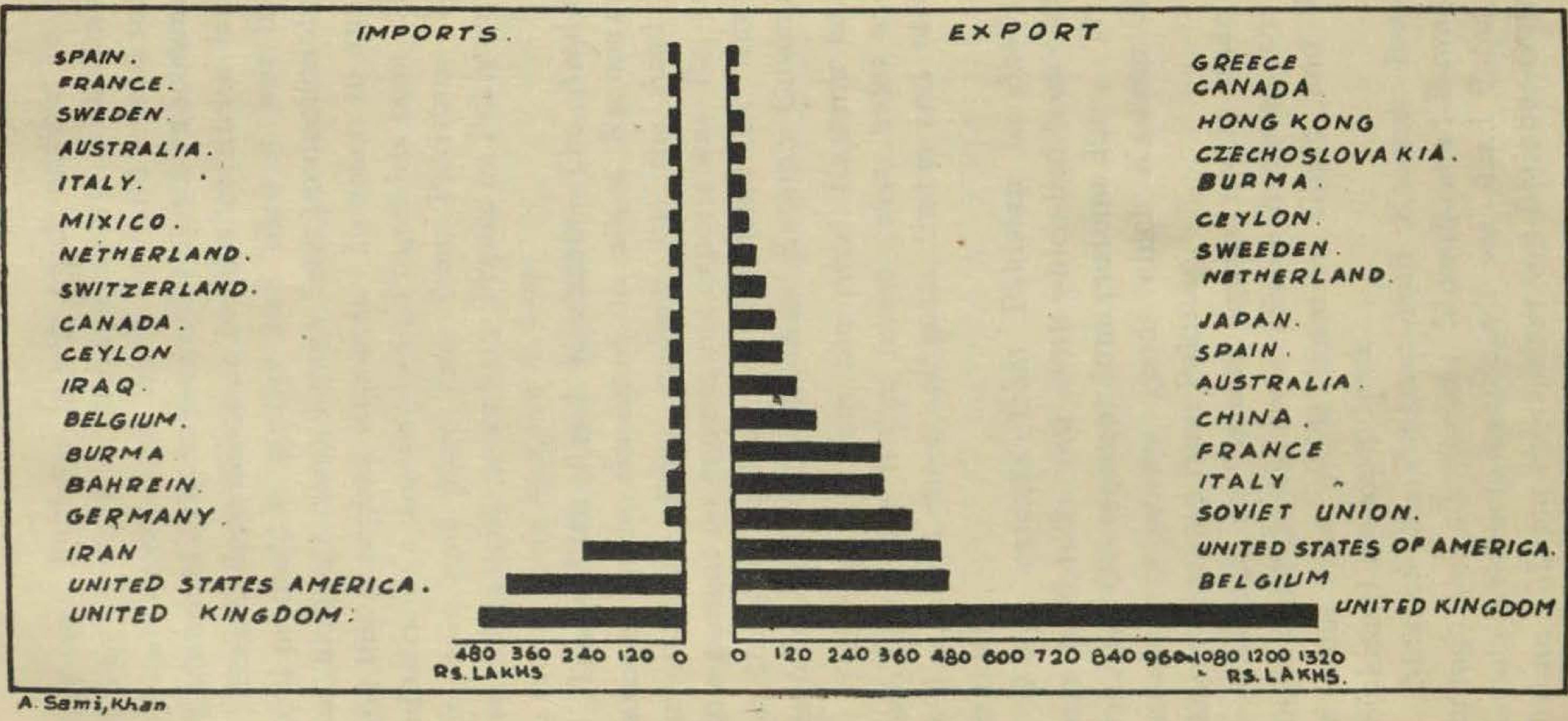
Major exports from Pakistan to Azad Kashmir were foodstuffs and cloth which had been exempted by the Azad Government from customs duty. The exports include consumers goods which Kashmir State had always imported from Pakistan.

Although no definite figures about trade between Gilgit and Pakistan are available, however, it is estimated that the trade between Gilgit and Kashgarh (Sinkiang) remained brisk.

Most of the Pakistan-Azad Kashmir trade passed through the six routes; Muzaffarabad-Rawalpindi *via* Kohala; Poonch-Rawalpindi *via* Azad Patan, Mirpur Jhelum; Mirpur-Fujrarkhan and Bhimber-Gujrat.

COMPETITION OF FOREIGN COUNTRIES OTHERTHAN INDIAN UNION IN PAKISTAN'S SEA-BORNE TRADE

15TH AUG. 1947 31ST MAR. 1948



Imports—Pakistan's imports consist mostly of manufactured goods, coal, oil, iron, steel and machinery. The most important of manufactured goods are cotton textiles, which account for about 50 per cent of total imports. Other important articles are sugar, woollen textiles, leather and footwear, paper, cycles, tyres and tubes, chemicals and pharmaceuticals, etc.

India, United Kingdom and United States of America are the principal exporting countries during the period August 15, 1947, to March 31, 1948, the main countries of our imports were the United Kingdom, the United State of America, and Iran,. and during the period April 1, 1948, to October 31, 1948, Indian Union shared over 50 per cent of our total sea-borne imports, and in this period the countries in British Empire imported to Pakistan goods worth Rs. 44,67,54 lakhs and imports from other foreign countries amounted to Rs. 9,45,35 lakhs.

The principal countries of import with their respective values are shown below :—

Country	Value (Rs. 00,000) August 15, 1947 to March 31, 1948	April 1,1948 to Dec. 31, 1948
Indian Union	..	36,24
United Kingdom	4,72	17,19
United States of America ...	4,00	4,91
Italy	21	2 23
Iran	2,22	1,63
China	...	2,30
Ceylon	17	1,72
Straits Settlements	7	1,01
Total	11,39	67,23
Grand Total	13,88	73,51

Exports—The main exports of Pakistan consist of raw jute, cotton, wool, hides and skins, foodgrains, dry fruits, rock salt, gypsum, potassium nitrate and livestock. The principal export item is raw jute, its annual production being estimated at about 70,900,000 bales worth more than Rs. 100 crores. Almost the entire crop is exported. India is the principal buyer.

Next to jute, cotton is the most important commodity. Its production is confined to West Pakistan which produces about 15,00,000 bales annually, the greater part of which consist of long staple American varieties. About 10,00,000 bales used to be exported to India, 8,00,000 bales of American and 2,00,000 bales of desi or short staple varieties. In 1947 the production was estimated to be 13,00,000 bales. Exports to India were much smaller than before, and the greater part of crop was exported to countries other than India.

The exports during the period from August 15, 1947, to March 31, 1948, were mainly sent to the United Kingdom, Soviet Union, the United States of America and Spain. In the period April 1, 1948-October 31, 1948, the distribution of exports between the countries of British Empire and other foreign countries were Rs. 18,52,96 lakhs and Rs. 27,07,58 lakhs respectively. While the share of Birtish Empire countries in our import trade was about 83 per cent., their share in export trade was only 72 per cent.

The principal countries in our export trade with their respective value are shown in the following table :—

	Value (Rs. 00,000)	
	August 15, 1947 to March 31, 1948	April 1, 1948 to Dec. 31, 1948
Indian Union ...	...	9,85
United Kingdom	13,16	8,85
Soviet Union ...	4,03	3,93
United States of America	4,67	5,54
Spain	1,11	3,11
China	1,80	2,85
France	3,27	3,05
Hong Kong	29	2,43
Italy	3,37	2,57
Belgium	4,83	2,86
Germany	13	1,29
Ceylon	35	1,10
Japan	88	97
Total ...	37,89	48,40
Grand Total	42,06	55,12

The balance of trade with countries other than Indian Union from August 15, 1947—December 31, 1948, is shown in the following table :—

Period		Imports	Exports	Balance
August 15, 1947 to March 31, 1948	..	13,88	48,59	—34,71
April 1, 1948 to December 31, 1948	..	37,20	45,27	—8,07
Total	..	51,08	93,86	—42,78

Out of imports worth Rs. 51,08 crores during 16½ months from August 15, 1947, to December 31, 1948, the imports during the six months ended December, 1948, were valued at Rs. 31,06 crores. The increase during the later period has been due to the restoration of comparatively steady and normal economic conditions, and the rehabilitation of trade and commerce in Pakistan. Also the increase in imports has been due to our liberalise import policy and the availability consumers goods in the exporting countries.

The statistics regarding Pakistan's Sea-Borne Trade (Private Mechadise) issued by the Department of Commerical Intelligence and Statistics revealed a favourable balance of Rs. 34,35 lakhs for the period 15th August, 1947 to 31st March, 1948. These figures do not take into account the trade with the India *via* land frontier. During the period 1st April, 1948 to 31st March, 1949, the total imports of Pakistan on the Sea-Borne account amounted to 109,37 lakhs while the total exports during the same period were of the order of Rs. 91,82 crores. The deficit of about Rs. 18,00 lakhs in the Sea-Borne trade becomes surplus when account is taken of the bulk of Pakistan's exports to India via land frontier and East Pakistan's transit trade through Calcutta.

The principal customers of Pakistan's mechandise are the Indian Union, Uinted Kingdom, United States of America, Belgium, France and Italy and a large number of other countries which also import regularly from Pakistan. The bulk of Pakistan's imports from India, United Kingdom and United States of America. During the financial year 1948-49 25% of the Sea-Borne export were sent to India, 18% to the United Kingdom, 10% to United States of America and 5% to

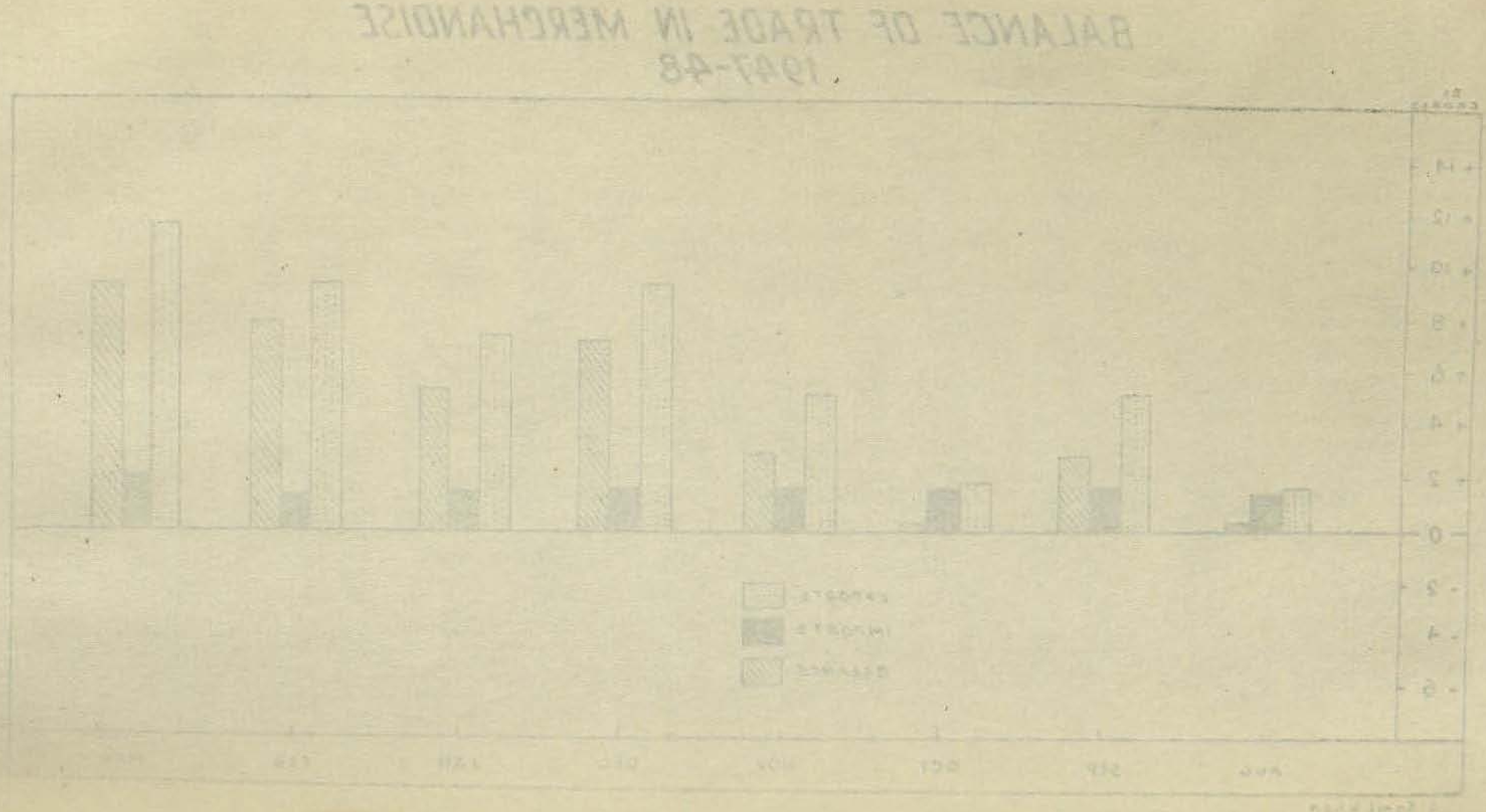
France and 4% to Italy. About 41 per cent of the total sea-borne imports came from India, 25 per cent from United Kingdom, 7 per cent from United States of America, 6 per cent from China, 3 per cent from Ceylon. About a score of other countries also participated both in the import and export trade of Pakistan. While Pakistan's main exports consisted of jute (The Golden Fibre), cotton and cotton seeds, hides and skin, wool, tea, fish, the imports were spread over a wide range of articles. The following table illustrates the Sea-Borne trade of Pakistan for the year 1948-49:—

IMPORTS INTO PAKISTAN

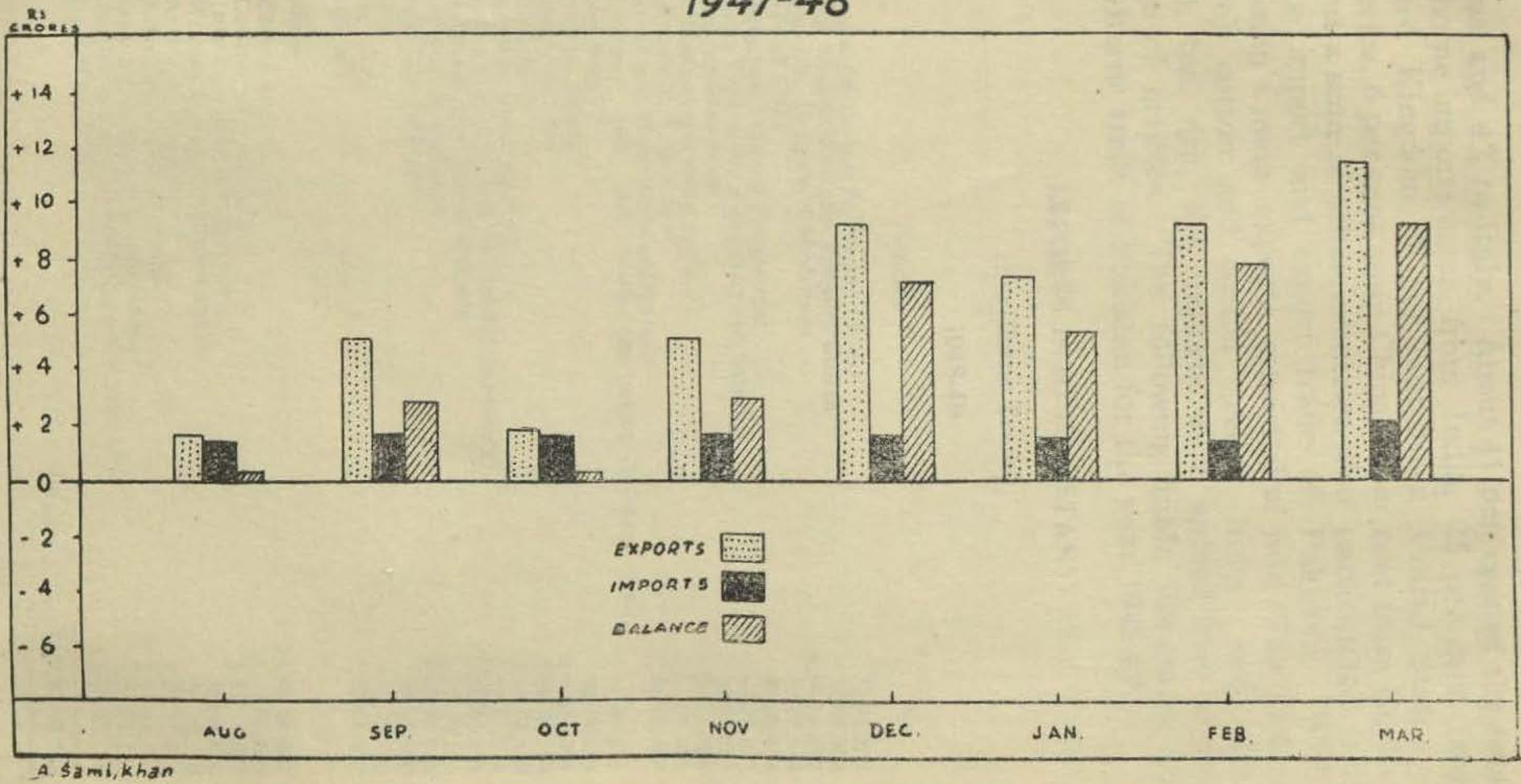
(Sea-Borne Trade)

1948-49

Articles	Rs.
Apparel (excluding Boots and Shoes)	72,51,805
Arms, Ammunition and Military Stores	52,09,608
Chemicals, Drugs and Medicines	4,14,16,140
Coal and Coke	49,32,654
Dyeing and Tanning Substances	89,56,455
Fruits, Vegetables and preserved dates	62,37,691
Glass and Glassware	44,21,655
Hardwares (excluding cutlery)	76,34,509
Instruments, Apparatus	2,07,57,389
Leather and Manufactures thereof	1,24,83,969
Machinery and Mill work (excluding belting for machinery)	5,71,91,912
Matches, Safety	76,40,738
Metals and Ores	3,43,78,054
Oils-Mineral	2,80,30,319
Vegetable (non-essential)	2,33,98,460
Paper and Pasteboard (excluding stationery)	1,88,51,576
Provisions and Oilman's stores	2,08,03,851
Rubber manufactures	1,50,20,114
Seeds (non-essential)	1,93,06,749
Spices	99,37,960
Stationery	30,79,730
Tea Black	2,94,07,491
Textiles—	
Cotton piece goods	26,94,91,921
Cotton twist and yarn	11,25,96,866
Jute yarn and manufactures	2,82,31,497
Woolen and worsted piece goods	86,94,436
Artificial silk yarn	55,16,178
Artificial silk piece goods	3,72,71,442
Tobacco and manufactures thereof	2,73,64,273
Vehicles (excluding locomotives for railways)	4,71,65,181
All other articles	17,09,27,725
Total	1,09,37,08,348


BALANCE OF TRADE IN MERCHANDISE
1947-48

BALANCE OF TRADE IN MERCHANDISE 1947-48



EXPORTS OF PAKISTAN
(Sea Borne Trade)
1948-49

	Rs.
Fish	59,75,439
Hides and Skins, Raw	5,33,99,012
Manures	86,37,816
Cotton Seeds	1,61,07,638
Tea, Black	3,76,54,791
Cotton, Raw	37,95,30,089
Jute, Raw	24,85,26,691
Wool, Raw	3,35,21,363
All other articles	7,37,46,032
Total	85,70,98.871
Re-exports	6,11,53,665
Total exports	91,82,52,535

Balance of Trade.—Pakistan's favourable balance of trade depends in a large degree upon the present composition of her foreign trade. As a producer of primary raw materials. Pakistan is in a favourable position to meet her full requirements of food. Chronic food deficits are at the moment threatening the economy of a number of countries and even though some of them are producers of primary commodities they have to depend on the imports of foodgrains from foreign countries. Pakistan's favourable position regarding the domestic supplies of foodgrains has removed a major item of expenditure of foreign exchange. A highly judicious policy both in the imports and exports of Pakistan has also brought about the continued existance of hard currency earnings. The cumulative effect of these factors has been to place the foreign exchange position of the country on a satisfactory basis. There are reasons to believe that the present trend in the foreign trade and foreign exchange position of Pakistan would continue for a substantially long time. The industrial development of Pakistan, which is now showing definite signs of progress, will further strengthen the

economy of Pakistan and the existing dependence on the import as certain foreign goods will thus gradually decline.

While a continued favourable balance has been the main feature of Pakistan's foreign trade, another notable feature has been the operation of a liberal import licencing policy. The liberalisation of import policy introduced in July 1948 has given a considerable stimulus to the import trade. Large quantities of essential goods have been imported during the last twelve months and have considerably eased the supply position of various articles of day to day use. Only a very limited number of commodities are subject to restriction when imported from sterling or soft currency areas.

The possiblities of further liberalisation have been constantly kept under review. After a careful consideration of the liberal import policy, the Ministry of Commerce have announced the extension of the Open General License for sterling and soft currecy countries to June, 1950. But the system of O. G. L. has been suspended after the decision of the no-devaluation of the Government.

During 1947-48 (15th August—31st March) the surplus in foreign trade with countries other than Indian Union amounted to Rs. 35 crores.

During 1948-49 (1st April 1948—31st March 1949) the total sea-borne imports and exports of Pakistan merchandise were valued at Rs. 109 and 86 crores respectively. The value of re-exports and exports of Pakistan merchandise in transit through Calcutta were valued at about Rs. 15 crores. The land-borne trade is estimated to value of Rs. 2 crores worth imports and about Rs. 80 crores exports. Thus the balance of trade in 1948-49 was about Rs. 70 crores in favour of Pakistan.

Inland Trade—The inland trade of Pakistan is most important for the very simple reason that it caters the needs of 80 millions. Unfortunately statistics could not be produced regarding this sphere of trade, therefore it is not possible to estimate the total value or quantity of this important sphere.

Sea Borne Trade of East Pakistan—Chittagong, the principal port of East Bengal often described as the 'Port of Destiny' has, since the establishment of Pakistan, been called upon to handle the entire import, export traffic of the Eastern Zone of the State. She serves 40 million of people and enjoys rare natural advantages which give her great scope for further development. Before partition a greater portion of her hinterland was served by the Calcutta port now in the Indian Union.

Chief exports of the port are jute, tea, wax, cotton-seed, tobacco, beetle-nuts and chillies; and the main imports are iron and steel, tea chests, machinery, sugar, coal, paddy, rice, timber and cotton piece goods. The port was capable of handling 5,00,000 tons of cargo per annum at the time of partition. Difficulties were countenanced immediately after partition. Certain improvements have however been carried out and improvisations made by extending the existing jetties, and providing a new one for halt alone, augmenting shedding accommodation, systematizing layout of railway marshalling yard, etc., etc. increasing thereby the handling capacity of the port by over a lakh tons per annum.

Ultimate plans to increase capacity of the port to 30 lakh tons per annum (i.e., six times the pre-partition capacity) are under consideration and execution thereof is expected to commence soon. Briefly, these plans envisage a 13-berth-port equipped with modern machinery providing maximum possible facilities and amenities for the handling of cargo and manovuering of vessels. This involves expenditure of several crores of rupees.

From the figures of export and import trade it appears that in the year 1948-49 the total exports amounted to rupees 30.86 crores and the total imports valued at 21.31 crores. Thus the combined total of import and exports valued at over 52 crores of rupees. The excess of export over import valued at rupees 9.55 crores. The principal exports are jute, worth 24.96 crores, tea worth 3.75 crores, parafin wax 63.71 lakhs, spices 60.5 lakhs, cotton 32.9 lakhs and hides hides skins 16.8 lakhs rupees.

The principal imports are cotton worth rupees 10.6 crores, cotton piece goods one crore, mineral and other oils 2.2 crores, drugs and mediciens 95 lakhs, grains and pulses 91.7 lakhs, tea chests 45 lakhs salt 43.7 lakhs and vehicles 34.6 lakhs rupees.

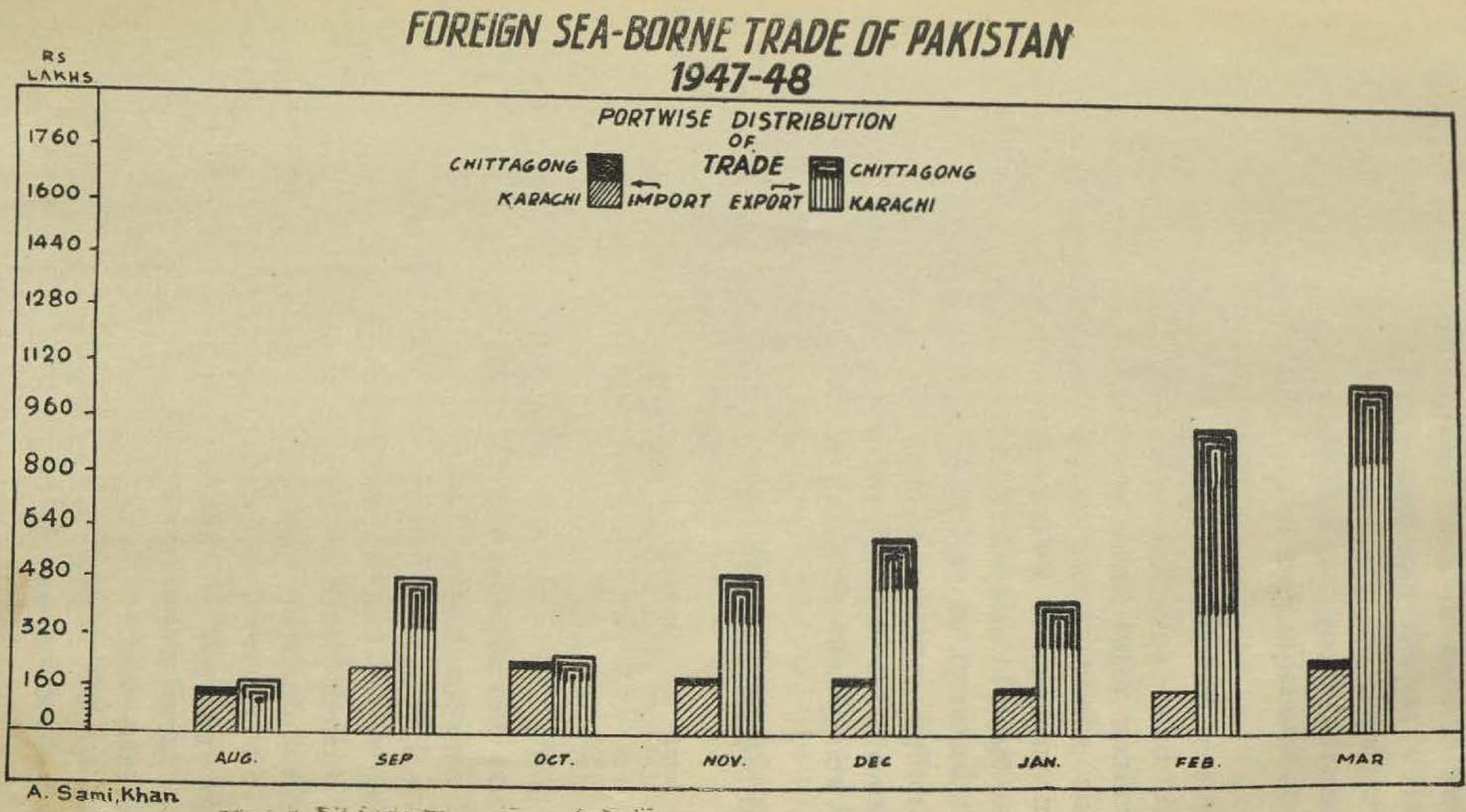
TRADE BY COUNTRIES

1948-49

Value in Rs. 1000

	Exports	Percent of Total Exports	Imports	Percent of Total Imports
United Kingdom ...	8,28,95	26·9	4,83,80	22·7
U. S. A. ...	5,69,28	18·4	56,50	2·6
Belgium ...	3,41,59	11·1	82	..
France ...	3,41,48	11·0	1,98	..
Germany ...	2,80,29	9·2	4	..
Argentine ...	80,04	2·6	..	..
Brazil ...	75,42	2·4	..	..
Ceylon ...	60,30	1·9	60,51	2·8
Portugal ...	59,17	1·9	31	..
Czechoslovakia ...	51,33	1·7	1	..
China ...	3,71	..	3,67,31	17·3
Iran ...	2,27	..	99,75	4·7
Italy ...	1,10,83	3·5	98,86	4·6
Burma ...	7·61	..	64,27	3·0

Sea Borne Trade of West Pakistan—West Pakistan is served by the Port of Karachi, a fine natural port, equipped with modern facilities for loading and unloading cargo and capable of berthing large ships. Hitherto it has shared with Bombay (India) the distinction of handling for the western part of the


FOREIGN SEA-BORNE TRADE OF PAKISTAN
1947-48
PORTWISE DISTRIBUTION
OF
TRADE
CHITTAGONG
KARACHI
IMPORT
EXPORT
CHITTAGONG
KARACHI
RS LAKHS
1760
1600
1440
1280
1120
960
800
640
480
320
160
0
AUG.
SEP
OCT.
NOV.
DEC
JAN.
FEB.
MAR
A. Sami, Khan

Indo-Pakistan sub-continent the bulk of imports and exports to and from Middle East and Europe. The port serves 35 million of people who are consumers of imported and locally manufactured goods. It also serves Afghanistan which has no port of its own and Kashmir, and parts of Sinkiang.

Principal exports of the port are wheat, rice, cotton oilseed, cement, wool and hides and skins ; and the principal imports are coal, iron and steel, sugar, textiles, petrol and liquid fuel etc. There are 21 berths, and 18 sets of moorings at the port capable of handling the maximum traffic at the rate of 8000 tons of cargo per day. The capacity of the port can be increased to 10,000 tons per day by employing more cranes, lighters, tugs and rolling stock, but it has not yet been considered necessary to do so as the traffic offering now is smaller than the actual capacity.

The folloing statement shows the traffic handled by the port during the last 5 years :—

Year	Imports (tons in lakhs)	Exports (tons in lakhs)	Total (tons in lakhs)
1943-44	10·12	12·65	22·84
1944-45	15·44	13·20	28·64
1945-46	15·28	12·60	27·88
1946-47	12·59	14·78	27·37
1947-48	10·27	11·66	22·04

Ship repairing facilities for merchant service exist, though on a small scale. These worked successfully during the World War II. A modest dry dock also exists for Naval ships based at Karachi and Persion Gulf Ports were drydocked and repaired. Establishment of Pakistan has, however, necessitated augmentation of the existing arrangements including provision for a large commercial dry dock capable of handling commercial ships of 550 ft. length and a smaller Naval Dry Dock. These are under consideration. These schemes are likely to cost a few crores of rupees. Question of constructing a fish harbour providing a wholesale fish

market and a fish curing yard with adequate freezing plants and storage facilities, is also under consideration.

Trade Agreements—A number of foreign Economic and Trade Missions have visited Pakistan with a view to explore the possibilities of trade and strengthen the commercial ties with the new State. During the last two and a half years Bilateral Trade Agrements have been concluded with India, Czechosolovakia, Poland, Yogoslavia, Japan, West Germany and Egypt. The possibilities of a trade pact with Russia are not ruled out. There is strong urge on the part of foreign countries to import Pakistan's valuable raw materials such as jute, cotton, wool, hides and skins while Pakistan is anxious to meet her requirements of coal, iron and steel, textiles, sugar, timber, machinery and several other manufactured articles. Most of these agreements will come into effect from July, 1949 and prove of great assistance in the promotion and development of Pakistan's foreign trade and commerce.

OTHER TRADE AGREEMENTS

Trade with Czechoslovak—A bilateral trade agreement was signed in Prague, between Pakistan and the Czechoslovak Republic. Accounting to this agreement Pakistan will have to export 28,000 bales of cotton 85,000 pucca bales, of jute 570,000 pieces of hides and skins and 500 tons of fish Czechoslovak will export a large variety of machinery, fabrics, tyres and tube, rubber, crockery, sewing machines, tractors, diesel engines, enamelled wares, wireless sets, motor cars, motor cycles, motor buses, shoe grindery, cotton fabrics, piece-goods and prints, woolen fabrics, artificial silk fabrics etc.

During the period 1948-49 Pakistan had a favourable balance of trade with Czechoslovak to the extent of Rs. 135 lakhs. He exports stood at Rs. 166 lakhs while imports did not exceed more than Rs. 31 lakhs.

Trade with West Germany—The first trade agreement was signed with the Republic of West Germany on December, 19, 1949, at Hochst Frankfurt. According to this agreement Pakistan will export commodities of the total value of 42,140,000 United States dollars. They will include wheat, oil seeds, cotton seeds, tea, casings, wild animals, dried fruits, raw cotton raw jute, fine and coarse animal hairs, hides and skins, chemicals and chromium ore. In return Pakistan will import iron and steel products, machinery and steel constructions, electrical industry, vehicles, glass, ceramics and abrasines, chemicals and finished metal products, textiles including woollen fabrics, artificial silk fabrics etc.

During the year 1948-49 Pakistan had a favourable balance of trade with West Germany to the extent of Rs. 265 lakhs the total imports from West Germany stood at Rs. 43 lakhs while exports from Pakistan touched the high peak of Rs. 308 lakhs.

Non-devaluation and Trade—On 18th September, 1949, the Government of the United Kingdom announced the decision to devalue the pound sterling and similar action was taken particularly by all the sterling countries and a large number of other countries The Government of Pakistan after giving careful consideration and weighing all the relevant factors, came to the conclussion that it would be in the best interest of the country as a whole not to devalue the Pakistan rupee. While Indian devalued her currency to the extent of 30%. Owing to these disparities the State Bank of Pakistan has fixed the following new exchange rates of the Pakistan rupee :—

One Pakistan rupee	25·9 d.
One pound sterling	9·26 Pakistan rupees
One hundred Pakistan rupees ..	144 Indian rupees
One hundred Indian rupees ..	69·50 Pakistan rupees

India however, refused to recognise the new Pakistan—India rupee rates and therefore the trade between the two countries came to a stand still. The Government of India increased the export duties on mustard oil and steel. The price of coal, for which Pakistan was India's main coustomer had been enhanced and afterwards the supply was prohibted.

Jute plays a very important part in Pakistan, external trade. The main buyer of Jute was India. But after non-devalution decision she refused to take Pakistan's jute. As jute was the life bone of the whole economie life of Eest Bengal, the Government could not remain as spectator. They at once, for stabilising jute prices at a level which would ensure a fair return to the cultivation and be attractive to all markets, fixed the minimum price of loose jute of jat bottoms quality at Rs. 23 per maund. Prices of other varieties of jute have been appropriately adjusted. These prices will remain effective until June 30, 1950.

A Jute Board was also set up as the executive agency of the Government with wide powers to ensure the expeditious execution of the Government's policy.

The Government also promulgated an Ordinance for the immediate establishment of a Government sponsored commercial bank to be called the National Bank of Pakistan. The Bank will in the begining concentrate on the provision of credit facilities for jute and cotton, extending its activities to other types of Banking business at a later date. The Head Office of the Bank will be at Karachi and local offices at Lahore and Dacca.

It has already been stated that a tempory agreement was signed between Pakistan and India. But normal trade channels between the two countries will not however he revived so long as the exchange ratio problem remains unsolved. In the absence of the solution regarding exchange ratio the volumes of trade between the two countries will be, *ip so facto* very limited.

CHAPTER VIII

PUBLIC FINANCE

CENTRAL FINANCE

At the time of partition a sum of Rs. 20 crores out of the cash balances of the Undivided India was placed at the disposal of Pakistan and provisionally, pending further consideration of the matter, In November, 1947, a financial agreement between the two Governments was reached according to which Pakistan was assigned a sum of Rs. 75 crores, inclusive of Rs. 20 crores already paid, as her share of the cash balances: But the payment that was eventually made amounted to Rs. 70 crores (inclusive of Rs. 20 crores paid in the first instance) instead of the full Rs. 75 crores agreed upon. The matter for the payment of Rs. 5 crores is still unsettled.

In Undivided India the machinery for the collection of customs, central excise duties and income and corporation taxes was devised on the basis of the whole country, being one economic unit. The customs duties were collected at the ports, excise duties at the places of manufacture of the commodities taxed, and corporation taxes at the head offices of the various firms, Excepting Karachi and Chittagong, the other ports at which the custom duties were collected now full in the Indian Union. A large number of the commodities on which excise duties are devied are produced in areas which are now a port of the Indian Union. The Head offices of the most of the business concerns operating in the Indo-Pakistan sub-continent were also located in the big towns of the Indian Dominion. Thus most of the places when central taxes were collected by the undivided Government now fall in the Indian Union.

The incidence of customs and excise duties is on the consumer of the taxed commodities, whereever he may be, and of corporation taxes on the areas where the income is actually earned. Pakistan's share of these taxes on the basis of incidence was much higher than the actual collections in Pakistan areas. Pakistan therefore, desired that, at least during the initial period, the proceeds of the customs and central excise duties should be pooled and distributed between the two countries on some equitable basis. The Indian Union did not, however, accepted the proposal. Thus Pakistan had no option but to accept this arrangement which deprived her of a considerable part of the revenue that rightly belonged to her as she could not set up immediately the necessary machinery for the collections of these taxes.

The export duty on jute and jute products is a tax on the foreign consumer which Undivided India was able to realise because she enjoyed a virtual monopoly as she produced the greater part of the total world supplies of jute. Now Pakistan accounted for 73 per cent. of the raw jute produced in Undivided India. She was therefore, entitled to a proportionate share of the export duty on jute. Pakistan therefore suggested that some special arrangements should be made with regard to the duties on jute, so that Pakistan should receive her due share of the export duty. But the Indian Government did not see its way to accept this very reasonable arrangement. Pakistan had, therefore, no choice but to impose an export duty on jute crossing the land frontier from East to West Bengal.

The allocation of the various heads of revenue between the Centre and the Provinces according to the Government of India Act, 1935, was based on the

economic conditions of India as a whole. The economy of Pakistan is in some respects fundamentally different from that of Undivided India. The yield of the central sources of revenue was not sufficient for the requirements of the Pakistan Centre. This necessitated a readjusment of the country's tax structure. So the following modifications were made in consultation with the Provinces :—

(1) The Centre should retain the provincial share of the Income Tax.

(2) The Sales Tax, which was a provincial tax, should be centralized, the provinces agreeing to vacate this field of taxation in favour of the centre for a period of two years. (This term has been extened for a further period of two years in 1950.)

(3) The proceeds of the estate duties, when imposed should be left wholly to the centre. (This new duty was imposed from April 1st, 1950.)

Before partition the Raliways and the Posts and Telegraphs is the Undivided India were a source of income to the Central Exchequer. But after partition the position was changed in Pakistan. Coal shortage, disturbances, and mass migration to and from India of more then 12 million of people resulted in losses on the working of the Railways and the Posts and Telegraphs.

Western Pakistan occupies a strategic position on the map of the world. She is the custodian of the mountian passes on the North-West which have been the gateways of invading armies throughout history. She has to maintain adequate forces for the defences

of these Passes, incur a good deal of expenditure in connection with tribal areas and bear the entire loss of the working of the strategic railways. Further that Pakistan has a long frontier and its two parts are not contiguos. On account of all these factors the defence of the country imposes a very heavy burden on its financial resources.

An integral part of the Financial Agreement was that Pakistan's share of Defence Store amounting to about 1,75,000 tons was to be transfered expeditiously to Pakistan. But Pakistan has received only a tiny fraction of her share of the Defence Stores. This has created a difficult position so for as the defence of the country is concerned. Pakistan did not get any of the Ordnance Factories as all of them are located in the Indian Union. India has agreed to provide Pakistan with Rs. 6 crores for the establishment of Ordance Factories and other unique institutions.

Defence expenditure on revenue account represents 78% of the total revenue expenditure of the central Goverment in 1947-48, 70% in 1948-49, 45% in 1949-50 and 44% in 1950-51. This huge expenditure greatly reduces the finacial resources available for expenditure on nation-building departments. The question of reducing the defence of the country is being carefully examined.

The estimates for 1947-48 (the period of 7½ months) showed a revenue deficit of Rs. 2,341 lakhs and the estimates for the year 1948-49, on the then existing basis of taxation, a revenue deficit of Rs. 101 lakhs. The additional taxes levied to bridge this gap include a central sales tax, increased export duty on cotton and new duties imposed on the export of hides, skins and cotton goods. The import duties on sugar, boot, shoes and other leather manufactures, beer, wine and spirits,

tobacco, cigar and cigarettes, motor-cars and wireless receiving apparatus were enhanced. Duties on kerosene and motor spirit were raised. The excise duty on tobacco was enhanced and that on betel-nut were increased. These new taxes were estimated to yield Rs. 40 lakhs during 1947-48 and Rs. 1016 lakhs during 1948-49. This would have a deficit of Rs. 2301 lakhs for 1947-48 and a surplus of Rs. 5 lakhs for 1948-49. According to the revised estimates the surplus of Rs. 5 lakhs was changed with a net surplus of Rs. 43 lakhs. The second budget of Pakistan was presented on February 28, 1949, On the basis of the then existing rates of taxation, revenue receipts for the financial year 1949-50, were estimated at Rs. 70·25 crores against Rs. 58·70 crores in the previous year, an increase of approximately Rs. 11·55 crores. These figures include the net receipts of the Railwys and the Posts and Telegraphs Departments after allowing for the working expenses of these two Departments. Exluding the working expenses of the Railway and the Post and Telegraphs Departments, expenditure was estimated at Rs. 69·26 crores against Rs. 58·27 crores of the previous year. The revenue receipts were estimated at Rs. 70·25 crores on the then existing basis of taxation and thus there would normally be a surplus of Rs. 99 lakhs. But after taking into account the cost of implementation of the recommendations of the Pay Commission, this surplus was converted into a deficit of Rs. 3·01 crores. To cover this deficit new taxes were levevied which include increased import duties on tobacco product and other luxury items, export duties on cement, fish and bamboos, excise duty on jute and some increases in telegraph, telephone and money order charges, It was estimated that these measures will yield about Rs. 5·05 crores.

The following concessions to relieve the burden on the poor were also given :—

(a) Food grains, vegetables and milk were exempted from Sales Tax.

(b) Duty on kerosene oil was reduced from 4 annas to 3 annas.

(c) The minimum Income Tax limit was raised from Rs. 2,500 to Rs. 3,000 per annum.

(d) Import duty on machinery was reduced from 10 per cent. to 5 per cent.

(a) Export duty on sheep and goat skins was reduced from 10 to 5 per cent.

All these relief afforded on these accounts were about Rs. 1.95 crores. Thus the total revenue was estimated to stood at Rs. 111·26 crores against an expenditure of Rs. 111·20 crores, leaving a surplus of Rs. 6 lakhs.

The third budget was presented on March, 1950. It was revealed in the budget speech that the financial year 1948-49 was likely to be closed with a surplus of about Rs. 75 lakhs as against Rs 43 lakhs anticipated in the Revised Estimates for that year. According to the Revised Estimates it was expected that the year 1949-50 would be closed with a surplus of Rs. 23 lakhs as against a surplus of Rs. 6 lakhs provided in the budget.

On the basis of the existing rates of taxation, revenue receipts during the financial year 1950-51 were estimated at Rs. 75·28 crores against Rs. 75·46 crores in the previous year. Excluding the working expenses of the Railways and the Post and Telegraphs Department, expenditure during 1950-51 was estimated at Rs. 77·18 against Rs. 75·20 crores in the last year.

To afford further relief to the comon man fresh fish and fresh meat were exempted from Sales Tax. The Capital Gain Tax has been discontinued from 1st April, 1949. The maximum rate which was then leviable on incomes over Rs. 1,50,000 was 10½ annas. In the budget proposals the maximum rate was reduced to 9 annas which will apply to incomes of Rs. 2,50,000 instead of Rs. 1,50,000. The differential rates of super-tax for earned and unearned income have been abolished. Import duties on a few items particularly of luxury, like alcholic drinks, cigarettes, silk, art silk fabrics, motor cars and motor cycles have been increased. Import duties on mustard oil, jute manufactures, coir fibrie, coir yarn, covered crucibles for glass making, aluminium and copper ingots, pig iron and barytes have been descreased. In regard to linseed oil the standard and preferential rates of duty were being reduced to 15 and 5 per cent. from 42 and 30 per cent respectively. As the price of kerosene has come down due to the devaluation of sterling and other currencies, the duty was raised to the old rate of four annas per gallon. The duty on motor spirit was raised by two annas per gallen *i.e.* from Rs. 1/2 to Rs. 1/4. It was estimated that the net additional revenue due to these new proposals would amount to Rs. two crores.

The Estate Duty Act has been inforced from 1st April, 1950. The scales at which the estate duty will be imposad are as follows :—

	per cent.
Up to Rs. one lakh	Nil
One lakh to 2 lakhs	6
Two lakhs to 3 lakhs	8
Three lakhs to 4 lakhs	10
Four lakhs to 5 lakhs	12
Five lakhs to 6 lakhs	15
Six lakhs to 8 lakhs	20
Eight lakhs to 10 lakhs	25
Ten lakhs to 20 lakhs	30
More than 20 lakhs	35

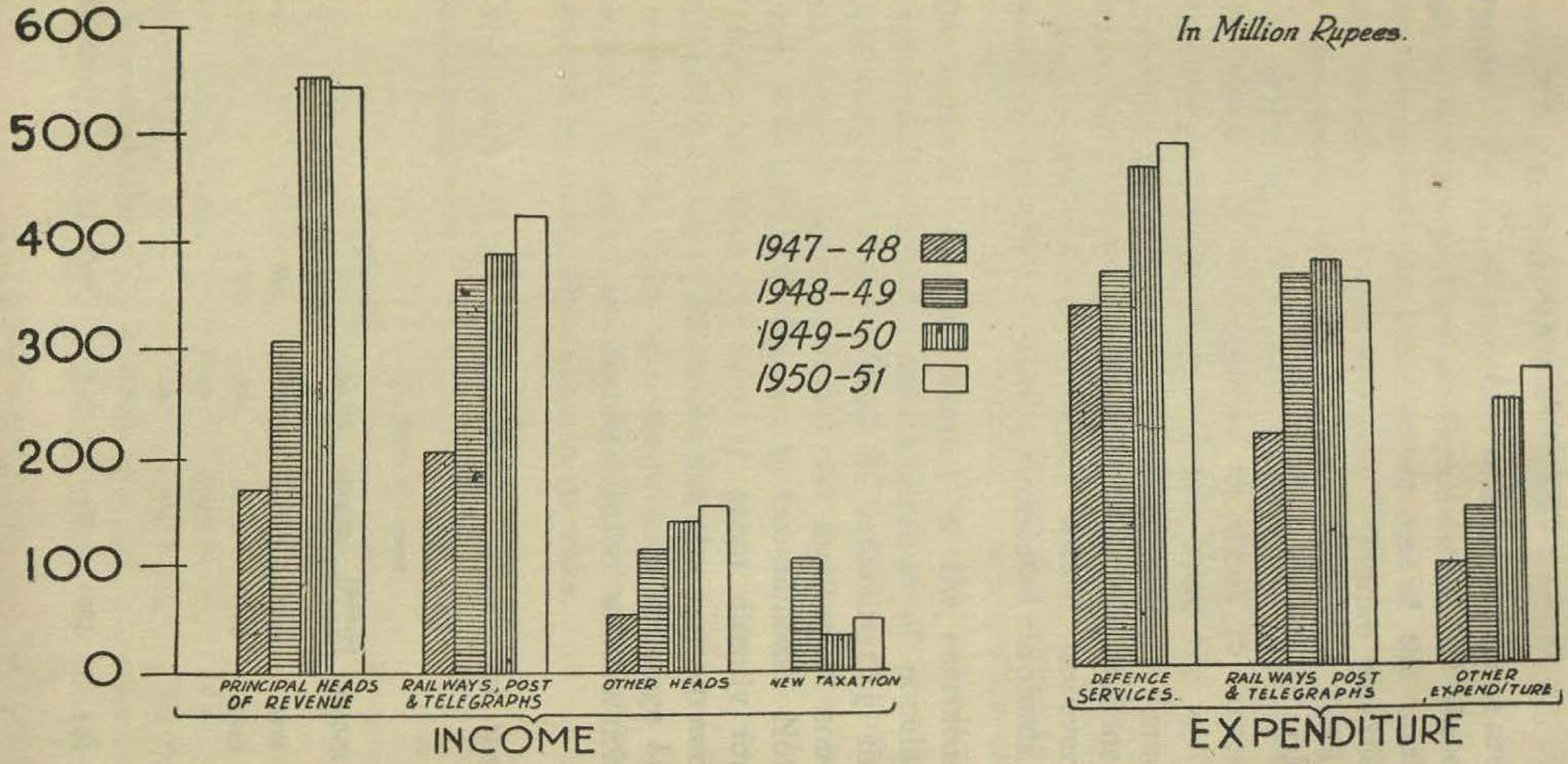
The Finance Minister, in his budget speech said that "It will however take some time to set up the necessary administrative machinery. The filling of returns and the collections of information regarding the assets of deceased persons and there valuation will also take time. In the circumstances a moderate provision of Rs. 20 lakhs has been assumed as revenue from this duty for the next year. It is expected that the receipts on this account will increase substantially in the succeeding years."

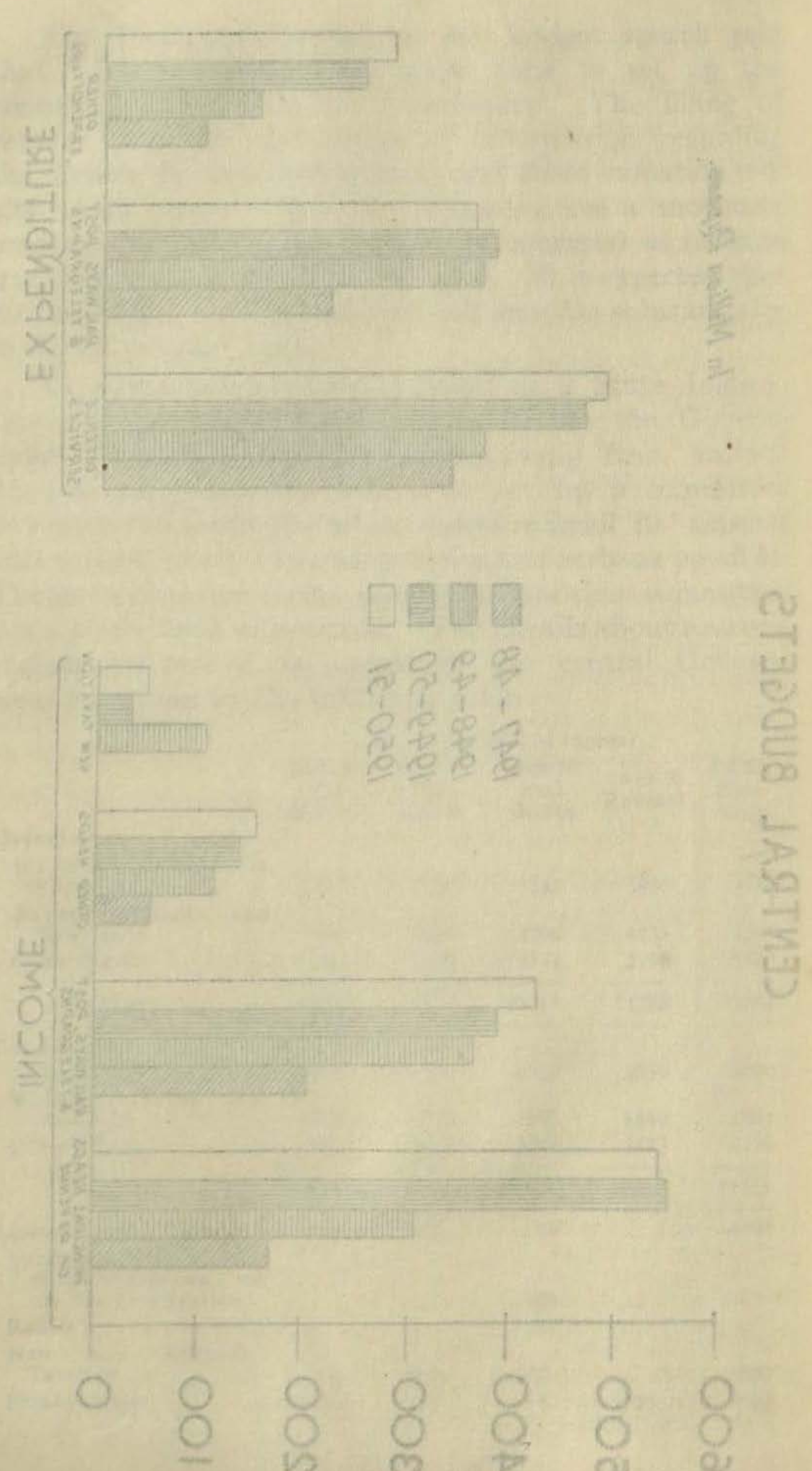
The question of revival of Zakat as a State Institution was also under consideration before the Government. The Government after enquireing from various Muslim countries have decided to set up a committee of experts to study the whole question in all its aspects and submit their recommendations as early as possible. The personnel and terms of reference of this committee has already been announced. The details about revenue and expenditure of the budgets of the central Government are given in the following table :—

(In lakh of rupees)

	1947-48 (7½ months)	1948-49 Estimates	1949-50 Estimates	1949-50 Revised	1950-51 Estimates
Gross Income—					
Principal Head of Revenue	1737	3120	5543	5955	5738
Railways, Posts and Telegraphs ...	201	3689	3905	4135	4244
Other Heads ...	532	1148	1371	1298	1382
Total ...	4279	7975	10819	11288	11164
Gross Expenditure—					
Defence Services ...	3424	3711	4722	5059	5000
Railways, Posts and Telegraps ..	2215	3715	3790	3840	3834
Other Heads ...	981	1542	2208	2433	2720
Total ...	6620	8968	10720	11365	11554
Gross Deficit on Surplus...	—2341	—1011	+99	...	—190
Implementation of the recommendations of the Pay Commission...	...	...	400	...	...
Reliefs	...	...	220	...	...
New and Enhanced Taxation	40	1016	527	...	200
Final Position ...	—2301	+5	+6	+23	+10

CENTRAL BUDGETS




CENTRAL BUDGETS
INCOME
EXPENDITURE
In Million Rupees
1947-48
1948-49
1949-50
1950-51
0
100
200
300
400
500
600

Punjab—The most important sources of revenue are irrigation, land revenue and provincial excise. Of these the first two account for about 36 per cent of the total revenue resources of the province. Punjab was the most prosperous province of the Undivided India. This is shown by the revenue surpluses of Undivided Punjab which had accumulated to about 26 crores. As East Punjab was generally a deficit area, the agricultural prosperity and the resulting accumulated revenue surpluses could safely be ascribed to West Punjab alone. According to the Arbitral Tribunals' Award, however, she would get only 60% of these accumulated surpluses.

She received the full impact of the enormous difficulties arising from the mass migrations of population and was faced with the task of rehabilitating six million Muslims which exceeded the number of non-Muslims who left West Punjab, by two millions. Not only large sums of money had to be spent directly for relief, but the cost of administration also went up and the revenue went down as a result of the exchange of population on such an unprecendented scale which brought the economic dislocation in its wake.

The following is the consalidated summary of the Provincial budgets :—

(In lakhs of rupees)

	1947-48 (7½ months)	1948-49	1949-50	1949-50 Revised	1950-51
Revenue	806	1208	1470	1892	1978
Expenditure	1393	1881	1662	1790	1940
Deficit	...	—603	—255	...	...
New Taxation	...	383	264	...	...
Advances from the Centre	...	250	...	...	...
Final Position ...	—586	+27	+9	+102	+38

The Punjab budget for 1950-51 which was presented on March 27, 1950, by the Adviser for -Finance at a Press Conference, disclosed a surplus of Rs. 38 lakhs. Revenue receipts were estimated at Rs. 1978 lakhs and revenue expenditure at Rs. 1940 lakhs. As the revised budget for 1949-50 disclosed a surplus of Rs. 177 laks, the Government has decided to refund 20% of the surcharge on abiana for year 1949-50 and to abolish the 40% surcharging on abiana altogerher during the next year. No new tax has been proposed in the new budget. Agricultural Income Tax and Muhajir Cess will continue yielding Rs. 109 lakhs. Thirty-three per cent of the expenditure was devoted to beneficient departments amounting to Rs. 556 lakhs as against Rs. 476 lakhs in the previous year. Expenditure on education has been increased to Rs. 290 lakhs. Rs. 10 lakhs have been earmarked for adult education. Six hundred new primary school, and six normal schools will be opened in 1950-51 at a cost of Rs. 11 lakhs. Rs. 10 lakhs have been provided for a special grant to the Punjab University for general purposes and sicentific studies. There is also a provision of Rs. 2 lakhs for creating a new Department of " Islamiat."

The Budget of 1949-50 provided Rs. 1469 lakhs for capital works. The revised budgets provided Rs. 9,21 lakhs. The reduction was due partly to slow progress on works & delay in obtaining matirials and plants. In 1950-51 the provision for these works is Rs. 1225 lakhs.

The trial permanent debt which the province inherited on August 15, 1947 was Rs. 3148 lakhs. Since then loan aggregating Rs. 612 lakhs fell due for redemption and were being redeemed. A further sum of Rs. 461

lakhs had already been paid. The debt incurred since August 15, 1947 was Rs. 10 crores for development schemes and Rs. 388 lakhs for redemption of debt.

Sind—The most important sources of revenue of the province are the sales of Lloyd Barrage lands, irrigation, provincial excise and land revenue. Of these irrigation, land sales and land revenue account for about two third of the provincial revenues. Irrigation works play a very important role in the economy of Sind which is mainly agricultural in character. In recent years Sind has enjoyed a fair measure of prosperity which was reflected in the budgetary position in the form of appreciable annual surpluses. The accumulated surpluses amount to Rs. 10 crores. The finances of the province were adversely effected by the economic dislocation after the partition. But this was a temporary phase. The finnancial position of the province is one the whole quite sound.

The following table shows the details of the budgetry position of the province :—

(In lakhs of rupees)

	1947-48 Esti-mates	1948-49 Esti-mates	1949-50 Esti-mates	1949-50 Revised	1950-51 Esti-mates
Revenue	806	843	741	625	671
Expenditure	1062	895	918	807	732
Deficit	—256	—52	—177	...	...
Covered by additional taxation	...	55	100	...	...
Share of sales tax ...	...	...	20	...	...
Compensation of Karachi	...	...	60	...	...
Net deficit or surplus ...	...	+3	+3	—182	—61

The actuals of 1948-49 disclosed a deficit of Rs. 65·28 lakhs and the revised estimates for 1949-50 show a deficit of Rs. 182·85 lakhs. In the budget of 1950-51, no additional tax was proposed to cover the deficit

of Rs. 61·72 lakhs on the assumption that the compensation that the province will receive from the centre for the loss of revenues of Karachi will cover it up. The Sind Government also decided to abloish Jagirs in Sind. This measure was expected to yield an additional income of Rs. 18 to 20 lakhs per year. Grants of Rs. 350 lakhs for lower Sind Barrage, Rs. 8,65,000 for electrification schemes, Rs. 7,99,000 more for education, Rs. 4,93,000 as an additional grant for medical and public health services and Rs. 5,75,000 more for agricultural developments were proposed in the current budget. Last year the Government formed a Retrenchment Committee to recommend measures for the economy in the Government expenditure. The committee submitted its report and their recommendations have been accepted by the Government, which will effect a reduction in expenditure of over half a crore.

In 1948 the provincial subject of Sales Tax was handed over to the Centre for a period of two years ending March 1950, but it was decided that the province of Sind should get half the realizations from Sales Tax in Sind including Karachi or a minimum of Rs. 45 lakhs. The administration of sales tax is being continued with the Centre for another two years and although the exact basis of distribution of sales tax receipts of Karachi Area is still under consideration but it is hoped that under new arrangements contemplated Sind's interest will not be adversely affected.

North West Frontier Province—The revenue resources of North West Frontier Province are rather small. The most important of them are land revenue, irrigation and provincial excise. The province is mainly dependent on a central subnention amounting to one crore of rupees per annum.

The following statement shows at a glance the financial position of the province :—

(In lakhs of rupees)

	1947-48 Estimates	1948-49 Estimates	1949-50 Estimates	1949-50 Revised	1950-51 Estimates
Revenue	324	361	366	360	409
Expenditure	370	379	381	383	425
Deficit	—46	—18	—15	—23	—16
Covered by additional taxation	...	...	...	...	7
Net deficit	...	...	...	...	—9

The budget of the present year is the biggest budget in the financial history of the province. The revenue would amount to Rs. 4,09,23,000 and expenditure Rs. 4,24,80,000 resulting in a revenue deficit of Rs. 15,57,000. To cover this deficit to some extent the Government had decided to increase electricity charges in the province by 25% and levy organisational fee on hides and skins and on wool if taken out of the province. The capital expenditure during 1950-51 would include Rs. 56 lakhs for the expansion of the Malkand Hydro-electric scheme, Rs. 61 lakhs for the Dargai scheme, Rs. 92 lakhs for the development of irrigation, Rs. 13 lakhs for the Government transport service, a total of Rs. 262 lakhs.

East Bengal—East Bengal has about two-third of the population but less than one-third of the total provincial revenues of Pakistan. This shows the extent of its comparative economic backwardness. It is mainly due to the defective economic policy followed in the past. The East Bengal Government had to start almost from scratch. The setting up of new provincial head quarters at Dacca strained her resources a great deal. The most important sources of provincial revenues are customs, land revenue, stamps

and provincial excise. Jute which is the most important chash crop of East Bengal and on which the entire economy of the province is dependent, is the largest single source of provincial income. Land revenue and irrigation contribute only 13% of the provincial revenues as against 30% in Punjab and 45% in Sind.

The following table shows the details of different budgets of the province:

(In lakhs of rupees)

	1947-48 (7½ months)	1948-49 Estimates	1949-50 Estimates	1950-51 Estimates
Revenue	820	1175	1785	1793
Expenditure	930	1609	1726	1966
Capital Expenditure	...	...	299	...
Revenue from enhanced taxation ...	...	431	...	...
Net deficit	—110	—3	—240	—173

It is clear from the above table that East Bengal is facing throughout with deficit budgets and it has not yet outlived the economic consequences of the Partition of the Bengal. The deficit of about Rs. 2·40 crores during the last year's budget, mainly attributable to capital expenditure programmes, was met by loans obtained from the Centre, thus avoiding resort to fresh taxtion. This year's budget, however, envisages a revenue of Rs. 17·93 crores, slightly higher than the previous year and the deficit is only Rs. 1·73 crores. The deficit is the direct result of two popular measures *i.e.* the revision of pay of the low paid Government employers, which will cost the Government about Rs. 1·5 crores and the introduction of total prohibition throughout the province by the beginning of April, 1950, and this is expected to cost the provincial exchequer about Rs. 50 lakhs. The deficit will be to met by fresh taxation, which will include enhancement of stamp

duties by about 50%, Amusement Tax by 25% and Court Fees on selected items about 50%. Additional revenue will be collected by leving super-tax on agricultural income on a graduated scale, the exemption limit being incomes upto Rs. 25,000.

Capital expenditure last year accounted for Rs. 2·99 crores whereas this year it is Rs. 2·59 crores. Rs. 69 lakhs has been provided for construction of roads, Rs. 25 lakhs for rural electrification and Karnafuli Project, and Rs. 133 lakhs for construction of Government offices and official quarters.

Public Debts—It had been decided to canalise all borrowing by Government in Pakistan through the Centre, loans being advanced by the Centre, to the Provincial Governments for their productive development schemes. The first series of Pakistan loans were floated in February 1948, in the form of 2¾ per cent loan 1953-54, 3% loan 1960, 3% loan 1968 and 1½% Income-tax-free Bearer Bonds 1958. The total snbscriptions received for these loans which were closed by the 30th September 1948 amounted to Rs. 49·07 crores. Due to a further demand from institutional investors, the second series of loans was issued on the 18th October, 1948 in the form of 2¾% loan 1955-56, 2¾% loan 1958-59 and 3% loan 1963. The subscriptions to the first two loans, which were closed on the same day, amounted to Rs. 18·61 crores which the third loan which remained on tap for some time fetched Rs. 2·89 crores. The total subscriptions to the Pakistan loans thus amounted to Rs. 70·57 crores.

In view of the state of the Government's cash balances, it was not considered necessary to float any public loan during the last financial year. Anxious

enquiries, however began to be madc by institutional investors from November 1949 onwards for investment of their surplus funds in Government Securities. As the existing loans were well-held and were not available for sale in any !arge quantities and as the requirements of the institutional investers were geniune and pressing, Government ultimately decided in February 1950 to meet the situation by making an *ad hoc* issues to three of their existing loans in favour of large investors. A sum of Rs. 10 crores has been invested in the Government loans with in a short time. This shows the confidence reposed by the market and general public in the strength and stability of country's finances. A provision of Rs. 10 crores has also been included on this account in the present budget.

CHAPTER IX

FOREIGN EXCHANGE CURRENCY AND MONETARY SYSTEM

Foreign Exchange—A country's net foreign exchange assets may be defined as the total of amounts owed to residents in that country by residents in other countries minus the total of the amounts owed to residents of that country to residents of other countries. The technical manner in which our foreign obligations are actually settled and the way we receive from abroad the payments which are due to us may well be defined as the system of Foreign Exchange. It helps the achievement of free multilateral trade which enables a country to secure the most advantageous term of trade by choosing a best paying market for its export and the chepest suppliers or its imports. This in turn depends among other things upon the extent of free multilateral system of payment. In the modern times two entirely different economic systems exist side by side one based on the princial of free enterprise and the other on the principle of collective planning and state ownership of the means of production. The question of trade relationship and the nature of payments between these two groups of countries is a great problem which finds its solution only in the general, economic and political relationship. The deep-rooted disequilibrium in the the balance of payments of these countries reflect their disrupted economies and the differences in the stages of the economic development. Some countries advocate, the principles of free and unrestricted international trade and try for removing all trade barriers. Others keep themselves on the defensive by restricting imports in order to keep their balance of payments within manageable proportion. Both these policies aim at the same objective that is

the achievement of higher ratio of exports to imports. Reduction of import of one country means the reduction of exports of another. This sets the vicious circle in which export and import pull each other down with the result that exchange and trade restrictions multiply rapidly. As result of such developments international trade comes sometimes to stand-still. Various services of trade on barter basis or payments in each others currency upto a specified limits tend to ease the situation temporarily. They provide cushion for defecit in the balance of payments. Countries with export surplus advance international loans for keeping up export demands for their products. In many cases these temporary expedients tend to intensify the ills they mean to remedy because they do not solve the basic disequilibrium which results from deeprooted maladjustments within the economics of various countries and the differences in their stages of economic development. Pakistan's foreign exchange position must be viewed with this general background. Our exchange problems cannot be solved unless the basic economic situation is put in order while today we have reasons to feel satisfied with our substantial earnings of foreign exchange but we cannot forget that unless we maintain an adequate reserves in a from that will stand by us when we need most to draw on them. The sterling area arrangments have afforeded to us within certain limits a type of multilateraism so that we have been able to finance our deficits in some countries by our earnings in others. The present form of our Exchange Control has however, made our problem a little simpler. All perons residing in Pakistan must in the absence of a special authorisation from the State Bank receive payments due to them from abroad through the authorised dealers *i.e.* Banks authorised to deal in foreign exchange and all persons who have to make payments

abroad must normally make remittances through these banks. In this way our permitted foreign exchange transactions take the form of transfer between authorised dealers in Pakistan and overseas banks. The balance of such transactions is ultimately covered through the State Bank. Our net foreign exchange position can be estimated on the basis of 'Debt Acknowledgement' whether expressed in foreign currencies or in Pakistan Currency due to or by authorised dealers and the State Bank of Pakistan by or to foreign banks.

The settlement of foreign exchange transactions either in Pakistan rupee or foreign currencies may be made in the currency of either country. Payments in Pakistan rupee from the accounts of banks in the country in which the remitter is resident are premissible in all cases as it means that current rupee claim on us of that country are set off against our current claims on them. This does not apply to accounts of private individuals and firms because the exchange control does not necessarily regard balance in their accounts as current claims and such balances may not, therefore, be freely remittable to the country of the account-holder. The same applies conversely to remittances from Pakistan.

'Monetary management should imply a positive endeavour to regulate the volume and value of currency in a way consistent with the interests of the increase of the welfare of the country, independently of the technical international considerations which have in the past been regarded very significent.' (Paul Enzig).

The State Bank of Pakistan should reserve the right by a legal provision to fix the foreign rate af 'Pak' rupee in response to monetary trends at home and abroad.

It should also acquire the power to change the parity whenever necessry. Alterable parities are the order of the day. Morerover International Monetary Fund allows alteration in national parties to the tune of 10 per cent in the intervening period.

With the setting up of the International Monetary Fund, the currencies of the member countries are to have their respective independent par values in relation to one another. All international balance of payments are to be settled through I. M. F. This par value is determined according to current parity with gold or United States of America dollar when it was to be declared by member countries. Pakistan is normally a creditor country.

Sterling Area—Pakistan is a member of the Sterling Area. Sterling area currencies and in particularly the pound sterling occupies a unique position vis a vis other foreign currencies in our system of payments. The term Sterling Area has not been a clearly defined term. It has at different times described different types of monetary relationship between a changing group of countries. Generally speaking the term refers to a group of countries whose foreign exchange systems are closely related to the pounds sterling. The type of relationships which distinguished the Sterling Area were the maintenance of foreign exchange reserves in sterling, maintence of exchange parity with sterling and the block of member countries exchange transactions channel through London. The Sterling Areas came into existence during the last war when certain countries mainly the members of British Empire agreed to impose exchange control with other countries and to have no exchange control between themselves. These countries brought together were defined as the Sterling Area.

With the end of war United Kingdom a member of the Sterling Area found itself burdened with huge sterling balance. On the other hand the public opinion in India demanded an early settlement of sterling balances.

Sterling Balances—On August 14, 1947 the total of Sterling Balances which United Kingdom owed to India amounted to Rs. 1067 crores. With the partition of sub-continent Rs. 175 crores of the amount of sterling balances came to Pakistans' share. Until December 1947 the foreign exchange balance of Pakistan and India were held in common by the Reserve Bank of India which even after partition continued to perform all central banking functions for both the dominions and conducted exchange control for them. This arrangement was provided for under the Pakistan Monetary System and Reserve Bank Order 1947. In December 1947 it was mutually agreed to that a system of separate account for the foreign exchange earning and expenditure of the two dominions would be established from 1st January 1948. From this date the principal Financial Agreement of 14th August 1947 was extended to cover period between January to June 1948 and amount of £10 million was placed in a separate free account as Pakistan's working balance along with a release of £6 million for the next 6 months. Our total net drawings on the London cotrol who held the pooled exchange reserve of the entire Sterling Area to cover payments to certain specified countries generally referred as hard currency areas were limited to £3·3 million for the next six months. The principal agreement was again extended for one year and the sterling release for the current expenditure amounted to £5 million was increased by another 5 million for meeting our external expenditure on special items.

The limit for hard currency drawings for the next year was also fixed at £5 million.

Advantages and Disadvantages of Membership of Sterling Area—Members of the Sterling Area have been the countries who are member of the Common Wealth of United Kingdom and the arrangements were quite logically set under the British influence. It was possible for Britain to take decision and the members always followed. The system in its present form has resulted in a total dependence of these countries on United Kingdom. We cannot follow an independent foreign exchange policy. We cannot build up our own exchange reserves in currencies other than sterling specially at the present time when our exchange position is sound. We cannot stand on our own legs in the event of world depression which is bound to intensify the exchange difficulties all over the world. It may be argued that Pakistan being a new country must continue to be a member of the Sterling area in order to avoid confronting the complex exchange problems caused by the great need of consumers goods which it must import from outside and the import of capital goods to build up her industries. Pakistan does not possess sufficient skilled labour and trained personnel to run its own exchange agreement till Pakistanies are trained to handle their own problem, it is to the benefit of Pakistan to continue with the existing arrangements. But efforts should be made to train Pakistanis for handling their own affairs because it is not quite houourable for a free country like Pakistan to continue indefinitely to participate in the existing arrangements. Time may give us some opportunities for modifying the present system so that the members may decide the exchange policy of

the area with joint discussions instead of being conducted by United Kingdom.

The principal advantage of the Sterling Area system for the member countries has been that these countries have been able to meet their liabilities with countries outside sterling area by drawing on the common pool and have not much to face the problem of balancing payments with each country or to worry constantly about the problem of utilising surplus earnings from one country to pay for defecit for another. Even in the present disrupted economic situation of the world countries within the sterling area have been able to enjoy to a certain extent a type of multilaterism in their system of payments though only within certain limit. It has been possible thus to devetail the pattern of trade of each member with non-sterling areas countries so that ultimately the problem of balancing trade and payments arises only for the over all position of the sterling areas as a whole.

The existing arrangement does not give us an opportunity to build up our own reserve which may stand by us at a time when we may need them most is a definite disadvantage. There is no guarantee that we shall get hard currency according to the requirements at a time when our essential import requirements increase or if our export to hard currency suffer set back. In the absence of any working balance which may absorb any variations of actuals from estimates proper planning of our expenditure in hard currencies has become an impossible task.

We may hope to see improvements when it may be possible for the exchange reserve of the sterling areas to be controlled jointly by the members instead of the entire pool reserve being governed by United

Kingdom alone. A system more appropriate to a free country is likely to be evolved soon as in the present contest of the world politics it may not be possible for United Kingdom to go on conducting even its own satelite on any point whether of common benefit or of individual interest. From our point of view it will not be worthwhile to lose the hard currency drawing facilities which are available to us at present from the Central Pool. If we desire to separate from the pool in order to build our own reserve, the uncertainty about our future position would not be entirely remove thereby. To sum up it may be safely said that in the present set up Pakistans' membership of the Sterling Area has more advantage than disadvantage.

Monetary systems and Pakistan—The controversy of Gold Standard *versus* Managed paper currency has raged in the monetary circles of the world ever since the close of Great War (1914-1918). We have to see what brand is more useful for Pakistan.

To use Keynes phrase "Gold which was the autocrat of the monetary system before the war, must accept the position of a constitutional monarch and even then its presence in the monetary economy of the world will be of a sentimental value rather than economic necessity." Advocates of monetary management concede this role of gold but also favour its retention for the purpose of setting international indebtedness.

The evolutionary development of monetary unit through ages from cattle, cowries, Greek iron money etc., to present day paper currency note and cheque seems to plead for a paper standard.

Expert monetary opinion is preponderantly for managed currency. Keynes characteriesed gold as a 'relic of barbarism'; He also advocated International

Exchange Clearing as against American Scheme of International Monetary Fund. As a matter of fact, currency history, points to such a goal in monetary field.

The history of the suspension of gold standard or devaluation of currencies in European countries and U. S. A. after September 1934 reduced the difference between gold standard and an inconvertible paper currency to one of degree.

What is essential is that each country should be able to regulate its interest rates according to its internal requirements independently of international influences. For that end international exchange clearing would be the best solution, planning or no planning.

Moreover, Pakistan has to embark on an ambitious economic planning programme for which planned monetary system is indispensable. According to Paul Einzig monetary management and economic planning must go hand in hand to produce best results.

The monetary system of Pakistan should be a managed currency supported by inactive gold to inspire confidence or to satisfy sentiments of those uninitiated into the intricacies of monetary system, and to serve as a means of settling international indebtedness.

But the most baffling propcsition is the system of paper currency reserve to be adopted. The system which may be called Maximum Fiduciary-metallic-Commodity System of note issue may be adopted. Under this system a maximum amount is fixed upto which the bank can issue notes without gold backing, but against foreign exchange of securities, stocks of strategic metals and commodity stocks. The maximum limit should be fixed well above the estimated annual currency requirements of Pakistan. Note issue beyond the maximum should be supported by gold.

The right principle of regulation is that the amount of gold reserve should bear no relation to the volume of note-issue, as gold circulates no where in the world. As regards the amount of gold reserve to be kept suffice it to say that the amount of gold reserve should depend on the extent of any possible adverse balance of payments. Countries which are international banking centres, or which are heavily indebted or have a small export trade require larger reserves. But Pakistan is an exporting country. It pays for its imports by exports. So our country need not lock up a large amount of gold in reserve, which can be utilised in other usefull channels.

Within the maximum limit, let the fiduciary, metalic and commodity reserves be in the ratio of 5 : 3 : 2.

The introduction of useful metals and imperishable commodities as notecovers is based on cognet grounds. Major Angas in his book "The Problem of Foreign Exchanges" refused to accept that gold is the only commodity which can be used for accumulating reserves for "rainy-days". According to him instead of accumulating gold stocks which have little or no social utility, the monetary authorities should accumulate of useful metals such as copper, tin, lead and other commodity stocks. Keynes approved this suggestion but advocated the inclusion of silver among the metals forming part of note-issue reserve. In the view of Paul Einzig the suggestion is constructive and the inclusion of non-perishable staple commodities in the currency reserves to a limited extent would largely solve the world's monetary problems and also the problem of surplus stocks whenever they may arise. Indeed the inclusion of wheat and rice etc., is necessary for defence purposes or to mitigate rigours or blockade etc.

Monetary System and Control of Capital—In order that needs of domestic industries may receive adequate attention, it will be a special task of the new organisation to establish necessary links between industry and finance at home. A National Investment Board should be started as an annexe of State Bank of Pakistan in the first instance. It should have large powers of regulating investments and flow of capital.

In fine, the need for an independent monetary system for Pakistan characterised by a large degree of elasticity and adaptability cannot be too much emphasised. Thus internally the ideal currency should be a managed currency with gold backing and with subsidiary silver, other metals and commodity backing. Money should be kept reasonably cheap in the interests of economic planning and national defence preparations. The aim of monetary managements should be to minimise the disturbing effects of international monetary disequlibria upon internal monetary situation.

National parities should be altered when their maintenance appears to involve sacrifices which are less in proportion to the advantages of stable parities.

The State Bank of Pakistan should in the light of foregoing suggestions be able to tackle the currency and credit policy of Pakistan in such a way as to conduce to an ideal economic development of the country which in turn aims at full employment and raising the standard of living of the masses.

The monetary system suggested for Pakistan anticipates world monetary trends, because the evolution will be in the direction of a coordination of the national standards on the basis of a world standard related intimately to an International Index Number. Managed currency has been preferred to gold standard because a system of fluctuating exchanges reflects the national aspects of policy more than international, whereas the gold standard does otherwise.

Control of Credit and Currency—The State Bank can control the credit of the country by taking resort to the following devices :—

(i) Changes in the Bank rate policy.

(ii) Open market operations.

(iii) Changing the reserve ratios of members bank as suggested by Keynes.

(iv) Rationing of credit. By this method the bank may discourage the granting of loans to stock-exchanges by refusing to discount the papers of the bank which has extended liberal loans to the speculators.

(v) Control over new investments. Some control must be execised over the new issue market so that unwise extentions of investments should not be made in any directions.

(vi) Exchange Equalisation Funds should be set up at major centres to neutralise the effects of the movements of short-term balances.

(vii) The Central Bank may offer advice to the Member Banks in respect of the quality of the securities they accept. They could scrutinise more critically than they do the purposes for which the money they are lending is to be used and this would be very much facilitated if there were regular pooling of information between competing joint-stock banks.

INTERNATIONAL CURRENCY AND MONETARY CRISES

Devaluation of Currencies

Of the countries ravaged by the World War, United Kingdom is one of the worst afflicted with entire fabric of its economy having absolutely shattered. Almost all the West Europeon countries were also in the same quagmire. As an attempt to get out of it

the question of devaluating the Pound Sterling and currencies of West Europeon countries had been engaging the attention of economists, financiers, bankers and journalists for a long time. Those opposed to devaluation were possitive that by itself it would not acheive any purpose; its advocates were equally convinced that devaluation was the only remedy for the disequilibrium between the eastern and western hemispheres. After a protracted and prolonged discussions and consultations and finally after the United Kingdom and United State understanding it was finally resolved that to cure the chronic malady of un-favourable balance of payments to the eastern hemisphere, the redical remedy of devaluation should be applied. On the return of Cripps Mission from United State of America, England declared her currency's devaluation and the following 24 States lined up with United Kingdom and followed suit. They were Australia, Belgium, Burma, Ceylon, Denmark, Egypt, England, France, Greece, Holland, Hong Kong, Iceland, India, Indonesia, Iraq, Ireland, Israel, Luxembrourg, New Zealand, Norway, Portugal, South Africa and Sweden.

While all the Common-wealth countries devalued their currency, Pakistan was the only Common-wealth country to decide against the devaluation. Other countries which lined up with Pakistan in refusing the devaluation of their currency were Austria, Eastern Germany, Japan, Iran and Poland.

The Objectives—It is claimed that the devaluation of currencies has been applied with the object of achieving economic unity, progress and welfare of mankind. The world waits with hope to see its beneficial results. It is said that United Kingdom and other countries who have devalued their currency will find an expanding market for their products in Dollar Area

thereby helping in bridging the gulf of unfavourable balance which so far kept the dollar and soft currency areas sharply devided.

It is hoped that this might constitute only a beginning of the process of preparing the two areas for multilateral convertability of currencies on which the structure of multi-lateral trading will rest. As a result the world will achieve high level of employment and will promote the well being and prosperity for all in an essentially capitalistic and ideally democratic economy.

The official sources announced that Pakistan is in full sympathy with this object and is convinced that her decision not to devaluate her cuurrency is not only in her interest but will also contribute to the attainment of the object with which other currencies have been devalued.

Why Pakistan did not Devaluate Her Currency— The Pakistan Government's decision not to devaluate the currency has astonished and disappointed a number of nations who expected that Pakistan would automatically devaluate her currency. They are disappointed because they viewed the issue only from their own point of view. Viewed from the Pakistan point of view, one finds that there was no case at all for Pakistan to devaluate her currency.

Devaluation is regarded as a remedy in cases where there is a deep seated disequilibrium in a country's balance of payments or where a country has a export trade capable of expansion by this devise. Pakistan's balance of payments position is not such as to necessitate devaluation nor do her exports which consists almost entirely of raw materials admit of any appreciable expansion.

It was the only way out toward of inflation in Pakistan and to safe-guard the future of its industrial development. By devaluating her currency Pakistan would have only invited and encouraged inflation.

The decision is therefore in the best interest of masses as it will make cheaper imports possible. Pakistan needs capital goods which she will be able to import at favourable rates and thus encourage development and rapid industrialisation. By devaluating her currency, Pakistan would have failed to serve the best interests of the economy of the country and its development which is so vital to the improvement of the standard of living of masses.

Stated below are some of the circumstances in which this remedy is considered appropriate and the results which it is expected to produce. A country in its economic relations with other countries receives and makes payments for goods and services received and supplied. When the receipts and payments tend to be equal, the country is said to be in a state of equilibirium with the rest of the world. It is seldom that a country finds itself in this happy state. More often it has either a favourable or un-favourable balance. When a balance is due to causes of temporary nature, the disequilibrium is of a temporary nature; when the balance arises out of permanent and deep-seated causes, the disequilibrium is said to be of permanent nature. Temporary disequilibriums need temporary remedies but for permanent disequilibriums it is necessary to to apply a drastic remedy to remove the causes to which they owe their origin. An un-favourable balance of a permanent nature is usually sought to be cured by devaluation.

As a result of devaluation, our goods become cheaper for other countries and our imports become more expensive. Exports are stimulated while imports tend to fall. It generates inflationary tendencies and leads to a rise in domestic prices. The usual consequences follow in the form of increased wages and costs, a fall in the real incomes of fixed income workers and increases in profits and the monetary incomes of primary producers, businessmen and industrilists.

It should however be remembered that in order to reap the fruits of devaluation in full, it is necessary to maintain their costs, wages and profits at their previous level.

Devaluation was not indicated as the remedy for any of the economic ills from which our country suffers. We have had an un-favourable balance of payment but this was due to causes of a temporary nature arising out of the partition of the country and due to our trade and payment position with India being still far from clear.

Our temporarily disequilibrium did not justify the drastic remedy of devaluation. Most of the countries which have devalued their currencies had to remedy a permanent disequilibrium with the hard currency areas.

Export Trade—The export products of Pakistan are not readily capable of expansion and devaluation would not have achieved its main object of increasing the sales in dollar areas. In fact devaluation would lead to net diminution of earnings. On the other hand imports would increase in prices thereby causing an additional drain on the already diminished earnings of foreign exchange. Devaluation would thus have tended to create precisely that situation for which it is considered to be the sovereign remedy.

Pakistan is a prédominently agricultural country and is in need of industrialisation. Devaluation would have placed the hard currency area beyond its reach which is a cheap and ready source for capital goods. Prospects of industrialisation of our country would have receded further which the country could not contemplate, and which is distinctly opposed to the long term interests of the sterling area.

The country has suffered from the past severe inflationary conditions, which in recent months have received a check. In East Pakistan however conditoris continue to be severe and gernerally speaking the cost of living is still oppresive. Prices of food and other consumer goods are high. The prospect of a further increase in prices which would have resulted from devaluation could not be contemplated The decision not to devalue the Pakistan rupee would tend to bring about a fall in the prices, thereby contributing towards the well being of a sorely oppressed part of Pakistan's population. It is confidently hoped that conditions of living in East Pakistan will register a change for a better in a near future. While Pakistan as a whole will avoid the evils of a fresh dose of inflation which would have followed from devaluation.

Level of Prices—The prices of our products have been high in recent years and a downward adjustment has been indicated for sometime in the interests of our own country and for retaining and developing our markets. Large monetary incomes of compartively smaller sections of our population have led to a distortion of our economy, while the incomes themselves have been of little benefit to those who have earned them.

They have been consumed by the high prices of food and other articles of consumption. The loss which will follow from an adjustment of the prices of our export

products will it is hoped be made up by the fall in the cost of living which can reasonably be expected.

Devaluation of Pakistan rupee would not help achieve the purpose for which the Pound Sterling has been devalued; on the contrary it would have aggravated balance of payment problem by reducing the net earnings from dollar area. Inflationary conditions would have been accentuated thereby adding to the distress of population.

Developments of Industries—The devaluation of Pakistan rupee in relation to doller would have retarded Pakistan's industrialisation programme. The Sterling bloc has little capital goods to give to Pakistan and the prices of these goods from the dollar area would have shot-up.

Development of industries would have been retarded by closing the sources of capital goods, thereby hampering the solution of the long time problem of the sterling area.

The economy which will result from the policy of Government will create conditions favourable for development, which is the most pressing need of Pakistan. The consequent promotion of productive interprises which will help the balance of payment position will be beneficial to our country and will mitigate the undesirable consequences which are likely to folllow from a deflationary policy.

It will be seen that the devaluation of currency in Pakistan would only have succeeded in bringing in inflation, unemployment and consequent lowering of standard of living.

If Pakistan did not devaluate the currency she has done the only right thing for the interest and prosperity of her masses.

The Changed Position—The Pakistan Government's decision does not neciessarily invite the country into getting out of the sterling area, Pakistan continues to be a member of sterling area with the only change that Pakistan rupee will be appreciated inrelation to the Pound Sterling, the Indian rupee and the other devalued currency. The value of Pakistan rupee in relation to United States Dollar shall remain unchanged. Pakistan's sterling balance with United Kingdom will have to be written down to the extent of 30% to which the pound sterling has been devalued. Pakistan currency continues to remain soft.

THE NEW RATE OF EXCHANGE

One Pakistan Rupee	...	...	25·9 Pence
Rs. 9 as. 4 ps. 3	...	...	One pound
Rs. 69 as. 8	...	...	100 Indian Rupees
Rs. 100 (Pakistan)	...	...	144 Indian Rupees

Sale and Purchase Rates of Sterling Per Pakistan Rupee—The Ministry of Finance, Government of Pakistan has fixed the sale and the purchase rates of sterling per Pakistan rupee as under :—

The State Bank of Pakistan shall sell sterling to any authorised person who makes a demand in that behalf at its offices in Karachi, Lahore, Dacca or Chittagong for immediate delivery at London at rates not below 2sh. 142/64d per Pakistan rupee.

The State Bank of Pakistan shall buy sterling from any authorised person who makes a demand in that behalf at its offices in Karachi, Lahore, Dacca or Chittagong for immediate delivery at London at rates not above 2sh. 29/64 d. per Pakistan rupee.

Other Effects—Pakistan by her decision not to devalue her rupee in relation with United State dollars has aligned herself to dollar countries and thereby virtually delinked herself from sterling.

She has also abondoned the parity which its currency had enjoyed vis-a-vis to Indian rupee.

Pakistan has demonstrated by this bold attitude that only after two years of its emergence, as an independent state, she has thrown a challenge to world financiers that Pakistan can carve an independent monetary policy of her own. It signalises the triumph of the Pakistan rupee whose stability, prestige and reputation is well established due to its intrinsic value which it has acquired by building of a favourable trade balance and by establishing the internal price level and cost of production.

The decision not to devaluate Pakistan rupee in relation with the United State dollar will have three distinct effects :—

(1) No change in gold value the gold value of Pakistan rupee of 32 cents will remain unchanged.

(2) Relief for commonman Pakistan rupee will appreciate in relation with all such countries which have lined themselves with the United Kingdom. It means Pakistan rupee will have greater purchasing power than the corresponding currency of other sterling area countries and as a result of this no devaluation policy the prices of imported articles will decrease. This would mean an increase in the "real wages" of the labourers and therefore, an improvement in their standard of living.

The decision however, demanded a sacrifice from the people. Imports of luxuries would have to be stopped and imports of consumers goods will have to be slashed to find enough money to buy capital goods.

(3) Pakistan's dollar earnings will remain unaltered which will definitely keep her in an advantageous position. By maintaining her present dollar earning she would be able to import capital goods.

Appreaciated Pakistani rupee will be able to buy from sterling area countries at a decreased price between 25 to 30 per cent. This will mean a great relief for the general consumers and will be hailed by the common man.

Since 90 per cent of the Pakistan import merchandise originates from the areas which have devalued their currency, her import requirements will be met by 60 per cent of her previous spending. Pakistan will now find much cheaper to buy machinery and capital goods from the sterling area. The cost of industrialisation of Pakistan will thus be borne by less expenditure on foreign currency.

As regards the dollar imports in the light of decision it will cost the same but it is expected that on account of deflation in United State market, the imports even might cost less.

The country's exports however, will have to suffer in prices. They will have to be sold cheap and compete in the world markets.

Jute, cotton, hides and skins, wool, "anything and everything to be sold abroad" will have to be sold cheaper.

If the prices of exports were not brought down the buyers abroad would be un-willing to buy Pakistan goods. They would buy from the devalued countries who will be under selling.

The producers of the Pakistan's exportable goods will therefore lose in income, but this loss would be almost made up by the fall in the prices of imported articles. They will sell cheap, but at the same time they will have to pay less for their purchases.

Industries in Pakistan would meet serve competition with India and other devalued countries as they would enjoy the advantages of devaluation in this respect.

However, by sticking to the present value of Pakistan rupee in relation to dollar, Pakistan according to the commercial circles, to some extent, has staked her export market.

Since 88 per cent of Pakistan's exports mainly come in the raw material category and obtain its export outlets of the devalued currency group she will have to face competitive conditions which, it was maintained in the commercial circles, could be countracted by suitable customs measures.

The new situations arising out of the decision will keep Pakistan goods in a little difficult position. She will have to face increasing competition in dollar market in raw jute, raw wool, tea and bones from India, Ceylon and Malaya.

Since dollar areas account for only 10 per cent of Pakistan's export trade this temporary situations will be adjusted by custom measures.

CHAPTER X

BANKING AND INSURANCE

Banking—With the partition of the sub-continent of India the banks that were functioning and had their head-quarters within the areas coming under Pakistan evacuated themselves into Indian territories. A most serious situation was experienced in Pakistan by individual depositors as well as by agriculture, trade and commerce of the country. Of the total number of thirty five important banks there were left only two banks with head-quarters in Pakistan, the rest have their head-quarters outside Pakistan from where their policies and activities are directed. Now a third bank with its head-quarters at Pakistan is slowly making its appearance on the scene. The Banking conditions in Pakistan, though they have now greatly improved, were indeed peculiar. Things have now settled down to a great extent. Still it will take a long time for our country to gain independence in banking than in any other sphere of our life.

State Bank—With the partitions of the sub-continent of India the jurisdiction of the Reserve Bank of India over the Pakistan State ceased. Therefore the State Bank of Pakistan was created to take its place. This bank started its career on 1st July, 1948. Its opening ceremony was performed by Quaid-e-Azam, and it being his last public act, as Architect of the Nation, has its own significance.

This bank is a Share-holders Bank in which 51% shares has been contributed by the Government. It is neither a Nationalised Institution nor wholely private company. The control and management of the Bank is entrusted to a Board of Directors of whom five members are nominated non-officials and three are

elected. The Board of Directors is responsible for the administration of the Bank and for directing its policies.

Functions of the Bank—As its first. and the foremost task the State Bank has been made responsible for replacing India Currency by Pakistan Currency in a manner most orderly and convenient. The difficulty of issue of our own coins and paper currency distinct from those of India is being handled and has well been solved by this institution. From 1st of October, 1948 currency notes of Pakistan were put into circulation in large quantities. The issue of paper Currency are backed by gold reserve, foreign exchange and Government securities. The State Bank is responsible for collecting the India notes and for returning them to the Reserve Bank of India and for receiving from that bank Pakistan's share of gold, foreign exchange and Government securities of equivalent value. The State Bank has two departments:—

1. Issue Department
2. Banking Department.

The Issue Department deals with issue of currency and keeps the assets to back it. The Banking Department is responsible for keeping deposits cf the Government and of various banks and to provide banking facilities for them. It is one of the most important duties of a central bank to ensure that sound banking methods are followed by the banks of the country and to see that deposits of cash balances with the banks by their clients are not endangered by lack of foresight or recklessness on the part of the management. The State Bank is controlling the affairs of other banks operating in Pakistan with reference to the special and peculiar circumstances to day prevailing in our country.

For economic progress of a country it is most important that the country should be assured of continued functioning of banking services and readiness of the banks to meet their legal obligations. The State Bank has this as one of its foremost duties to perform. It has organised a department charged with the duty of taking all practical measures for affording protection to depositors of all the banks of Pakistan. The State Bank is responsible for management of public debt and exchange control. The former means the receipt of application for loans when loans are issued and issue of Stock Certificates, Promissory notes, Bearer Bonds etc. as the case may be. The Bank is also responsible for the payment of interest. The Bank acts as an advisor to the Government on its loan policy and makes proposals for loan operation in the best interest of the country.

The management of exchange control is one of the important duties which this bank has to perform. Foreign exchange of a country being its national asset is to be protected carefully and is to be used with due care in the best interest of the country. Government regulations therefore strictly and severely circumscribe the banks discretion.

Security printing or printing of notes, stamps and other security documents is done by and under the supervision of State Bank.

Last and not the least important function of the State Bank is that within the country it is responsible for ensuring that sound credit conditions are encouraged or discouraged by the credit policies adopted by the banks and it is in this field that a central bank is to play its most important role. The currency operation

of our Government not being linked with either gold or silver is motivated by only one objective viz to ensure orderly trade, internally and externally and stable conditions of employment at a high level. It is there that the State Bank steps in and ensures stability and soundness of credit conditions. Though it is the youngest member of the freternity of Central Banks of the world it is working with faith and determination to fashion itself into an efficient instrument of service in the cause of Pakistan's economic progress.

Position of the State Bank of Pakistan—The existing positicn of the State Bank of Pakistan at the end of March of 1949 as far as Issue Department is concerned was as under :

THE STATEMENT OF THE POSITION HELD BY THE END OF MARCH, 1949

"ISSUE DEPARTMENT"

Liabilities.	Rs.	Rs.	Assets.	Rs.	Rs.
Notes held in the Banking Deartment ..	8,41,29.000		I. A. Gold Coin and Bullion	4,00,99,000	
			Silver Bullion	..	
			Sterling Securities .	98,69,54,000	
			Govt. of India Securities ..	32,94,85,000	
Notes in circulation* ..	175.36,54,000		India notes representing assets receivable from the Reserve Bank of India ..	39,41,62,000	175,07,00,000
Total notes issued ..		183,77;83,000	B. Rupee Coin		1,55,51,000
			Govt. of Pakistan Securities	..	
			Internal Bills of exchange and other commercial paper		1,55,51,000
			II. Held with the Reserve Bank of India pending transfer to Pakistan ..	..	
			Gold Coin and Bullion ..	19,02,000	
			Sterling Securities ..	3,87,77,000	
			Govt. of India Securites ..	1,53,71,000	
			Rupee Coin	1,54,82,000	7,15,32,000
Total Liabilities ..		183,77,83,000	Total Assets		183,77,83,000

* This figure being exclusive of India notes does not represent the total notes in circulation in Pakistan. India notes are the liability of the Reserve Bank of India and will be returned to them in exchange for corresponding assets as they are replaced by Pakistan notes.

Ratio of Gold Coin and Bullion, Silver Bullion Sterling Securities and approved Foreign Exchange to total note circulation : 98.31 per cent.

ISSUE DEPARTMENT

LIABILITIES

(I) **Note held in the Banking Department**—The amount shown against this item represents the cash balance of the Bank held by the Banking Department in the form of notes.

(II) **Note in circulation**—The amount shown against this item represents only the total Pakistan notes in circulation at the moment exclusive of India notes which are the liability of the Reserve Bank of India and will be returned to them in exchange for corresponding assets as they are replaced by Pakistan notes.

The Reserve Bank of India was the common currency authority of India and Pakistan upto the 30th June, 1948. In terms of the monetary arrangements between India and Pakistan laid down in the Pakistan (Monetary System and Reserve Bank) Order 1947, as amended in 1948, the Reserve Bank of India began issuing its bank notes in Pakistan overprinted with the words "Government of Pakistan". (here-in-after referred to as Pakistan notes) from the 1st April 1948 to replace its bank notes (termed as India notes) already in circulation in this country. Upto the 30th June, 1948, Pakistan notes amounting to Rs. 51,57,27,000 were issued by it in exchange for India notes and coin. The Monetary Order referred to above provides that the Reserve Bank of India will transfer to the State Bank of Pakistan assets of its Issue Department of equivalent value. Under the same Order India notes ceased to be legal tender in Pakistan after the 30th September, 1948 and although divested of their legal tender character they are to be encashed by the Government of Pakistan upto the 30th

June, 1949. The Monetary Order further lays down that on the delivery of the notes so exchanged upto the 30th June, 1949 to the Reserve Bank of India the State Bank will receive assets equivalent to the amount of the India notes delivered by them. From the last July, 1948, to the 8th April, 1949, India notes amounting to Rs. 120.37 crores were withdrawn from circulation by replacing them with Pakistan notes and coins and are being returned to the Reserve Bank of India—substantial portion of which has already been returned. The State Bank has thus become entitled to assets of the Issue Department of the Reserve Bank for Rs. 171·94 crores (*i e.* Rs. 51.57 crores as on 30th June 1948 *plus* Rs. 120.37 crores after that date and upto the 8th April, 1949 out of which it has so far received 123.81 crores.

Assets—1.A. 'Gold coin and Bullion', 'Sterling Securities' and 'Government of India Securities' enumerated under this heading are assets received from the Reserve Bank of India as on the date mentioned in the Weekly Statement. Sterling Securities include a portion received from the Banking Department.

India Notes pending transfer to the Reserve Bank of India—India notes withdrawn from circulation in Pakistan by replacing them with Pakistan notes from the 1st July 1948 and returned to Reserve Bank of India are shown through this head. The amount of Rs. 39,41,62,000 crores shown in the Weekly Statement of the 25th March 1949 represents the balance of India notes held either by the State Bank of Pakistan or by the Reserve Bank of India against which transfer of assets is in the process of being effected. Pending the transfer of these assets India notes are held by the State Bank as "Approved Foreign Exchange".

B. **Rupee Coin.**—Rupee Coin issued by the Government of Pakistan is treated as an asset of the Issue Department of the Bank under the provision of the State Bank of Pakistan Order, 1948. Of the total amount of its assets, not less than 30% shall consist of gold coins, gold bullion, silver bullion, sterling securities or approved foreign exchange and the remainder of the assets in rupee coin, rupee securities and such bills of exchange and promissory notes payable in Pakistan as are eligible for purchase by the Bank in terms of clause 13 of the State Bank of Pakistan Order.

II. **Held with the Reserve Bank of India pending transfer.**—The figures under this head represent the balance of assets still to be transferred by the Reserve Bank of India as part of the liability of that Bank on Pakistan notes in circulation on the 30th June 1948 *i.e.* Rs. 51.57 crores mentioned above.

The assets due to the State Bank on account of the Pakistan notes in circulation on the 30th June 1948 and also on account of the India notes retired from circulation in Pakistan between the 1st July, 1948 and 30th June, 1949 and returned to the Reserve Bank of India will be composed of the various forms of assets held by the Reserve Bank of India on the 30th June 1948. The different kinds of assets *i.e.* gold, sterling securities. Government of India securities, Pakistan rupee coin and India rupee coin will be transferred by the Reserve Bank of India to the State Bank of Pakistan in the same proportion in which these assets were held by the Issue Department of the Reserve Bank of India on the 30th June 1948 subject to certain adjustment.

The existing position of the State Bank of Pakistan at the end of March of 1949 as far as Banking Department is concerned was as under:—

STATEMENT OF THE AFFAIRS OF THE STATE BANK OF PAKISTAN
BANKING DEPARTMENT AS AT THE END OF MARCH, 1949

LIABILITIES	Rs.	ASSETS	Rs.
Capital paid up ...	2,76,40,000	Notes	8,41,29,000
Reserve Fund ...	...	Rupee Coin :—	
Deposits :—		(a) Pakistan ...	1,14,000
(a) Central Government	77,09,70,000	(b) India ...	...
(b) Provincial Govts ...	9,95,02,000	Subsidiary Coin :—	
(c) Banks ...	14,77,95,000	(a) Pakistan ...	...
(d) Others. ...	3,20,05,000	(b) India ...	2,000
Bills Payable ...	14,65,000	Bills purchased and Discounted:-	
Other Liabilities ...	1,30,17,000	(a) Internal ...	...
		(b) External ...	...
Total	109,23,94,000	(c) Govt. Treasury Bills ...	10,87,64,000
		Balances held outside Pakistan ...	74,57,87,000
		Loans & Advances to Governments. ...	...
		Other loans & Advances	...
		Investments ...	14,09,83,000
		Other Assets ...	1,26,15,000
		Total	...109,23,94,000

BANKING DEPARTMENT

LIABILITIES

Capital Paid Up—The paid-up Capital of the Bank is Rs. 3 crores of which 51% *i.e.* Rs. 1,53,00,000/- has been taken up by the Government of Pakistan. The remainder has been alloted to the public and share certificates in respect of these are in the process of i ssue. The amount against this item represents subscriptions in respect of which allotment letters have so far been issued.

Reserve Fund—Under a provision of the State Bank of Pakistan (Amendment) Order 1949, the Bank has received Government of Pakistan Rupees Securities of a nominal value of Rs. 3 crores which have been allocated to its Reserve Fund.

Deposits—(a) Central Government.

(b) Provincial Government.

The State Bank of Pakistan is the banker of the Central Government of Pakistan and the various Provincial Governments in Pakistan. The above two items show their cash balance with the bank. The cash balance of Central Government in item (a) included subscription for shares awaiting allotment.

(c) **Banks.**—Scheduled Banks (*i.e.* Banks having paid up Capital and reserves amounting to not less than Rs. 5 lakhs) are required to deposit with the State Bank cash amounting to 5% of their demand liabilities and 2% of their time liabilities on any day. The amount shown against this item represents these balances.

(d) **Others.**—Deposits of Provincial Co-operative Banks and local authorities etc. are shown here.

4. **Bills Payable.**—Bills issued by the Bank which are outstanding on the date of the Return are classified under this head.

5. **Other Liabilities.**—Pending the preparation of the Profit and Loss Account, the earnings of the Bank are shown as Other Liabilities.

Assets—The cash balance of the Banking Department held in the form of notes, rupee coin and subsidiary coin is shown under the Head of Notes, Rupee Coin and Subsidiary Coin in the above statement.

Bills Purchased and Discounted—This item shows the bills purchased and/or discounted by the Bank in accordances with the provision of the State Bank of Pakistan Order.

Balances held outside Pakistan—This item includes cash and short term sterling securities held with the Bank of England and our balances with Lloyds Bank, London and Reserve Bank of India, Bombay.

Loans and Advance to Governments—The Bank is authorised to make ways and means and advance to Governments for periods not exceeding three months from the date of the making of each advance.

Other Loans and Advances—The bank is also authorised to make loans and advances to Local Authorities, Scheduled Banks and Provincial Co-operative Banks repayable on demand or on the expiry of fixed periods not exceeding ninety days against eligible security. These loans are classified as "Other Loans and Advances".

Investments—This item shows the total investments of the Bank.

Other Assets—This includes mainly the balance in Dead Stock, Charges, Suspense and the Remittance—Clearance Accounts. The balance in the last account represents the amount of remittance instruments encashed for which credit has not been received by the State Bank from the Drawing Offices concerned.

COMMERCIAL BANKING

Before partition commercial banking functioned on a well planned basis throughout the area now called West Pakistan. There were eighty five commercial

banks with over 400 offices operating at 105 different places. Of these fifty five Scheduled banks had their head-quarter offices in West Pakistan. When partition took place, the banks operating in Pakistan region which were predominently under the control of non-Muslims shifted their head-quarters to the Indian Dominion. The result was that after the partition only one bank was left in this country. The well established Imperial Bank of India which had over seventy five offices in Pakistan before partition reduced this number to 19 skeleton offices operating mainly in the urban areas. The Central Bank of India offices were reduced from eighty one to three and the Punjab National Bank Limited which had 97 offices closed down practically all its branches.

Simultaneously with this shifting progress began a general transfer of huge accounts held by non-Muslims in these banks. Thus the commercial banking structure throughout Pakistan presented gloomy picture. By the end of 1947 there were only 77 banks offices in Pakistan of which 30 were located at Karachi alone. The rebirth of Commercial banking in Pakistan has opened new vista. Pakistan's commercial banking set-up which had virtually collapsed after partition is steadily re-establishing itself, and Pakistan banking set-up has not only been saved from total collapse but has got up once again on solid foundations. The steady growth and rapid expansion of commercial banking in Pakistan is an ever increasing need of the country's economic life and of trade, commerce and industrial interest. To achieve rapid expansion in commercial banking it is necessary that we should get over the difficulty of procuring trained and experienced hands to run the banks. Muslims were generally kept off from banking and insurance work during the pre-partitioned days.

Now it is high time that a scheme should be evolved to train the intelligentia not only in banking but in insurance work also. The State Bank of Pakistan has the power and resources to carry out this work of national importance and it is believed that steps have been taken in this direction. The State Bank of Pakistan has introduced a bank officers training scheme to build up the nucleus for the Pakistan banks. Steps should also be taken to train Pakistan youth in banking jobs of clerical nature.

Those who have now been put in this work have shown a remarkable apptitude and have amply displayed their ability in these professions. The promise is great and if we avail of it properly, the expansion of commercial banking in Pakistan can take place swiftly. The Government of Pakistan would do well in taking a timely notice of this need and State help in establishing commercial banks is invaluable. Developed banking will not only stabilise the commerce of the country but will also yield greater return to the State Exchequer.

National Bank—It was originaly intended to start a new bank in April or May 1950, but the trade deadlock with India, which arose following the depreciation of the Indian currency, rendered it necessary to start a bank known as the National Bank of Pakistan by an Ordinance issued on the 8th November, 1949. Twenty-five per cent of the bank's capital has been subscribed by the Government. Bank's business is at present confined only to the financing of jute, but it is expected that the bank will undertake all normal banking functions in the near future. The bank has already opened six offices in East Pakistan. The establishment of the National Bank is undoubtedly an important step in the country's banking development.

Stock Exchange and Other Exchanges—Prior to the division of the sub-continent of India great need for establishing a stock exchange at Karachi was felt, but the activities of the Calcutta and Bombay Stock Exchanges temporarily made up the deficiency and Karachi somehow managed without a stock exchange of its own.

As result of division of the sub-continent of India, the stock exchanges of Calcutta and Bombay ceased to have any jurisdiction over Karachi or any other place in Pakistan. The void thus formed needs to be filled in and quick action in this direction is warranted.

Stock exchange is actually a national pool where the wealth of a nation accumulates and from where it is diverted to various industrial channels. It saves public money, seeking investment, from being drained out of the country and it protects the same from being lost in mushroom concernes. So long such a pool does not exist in a country the running industries or the contemplated ones do not attract adequate finances with the result that eventually the state exchequer has to subsidize all essential industries. In spite of the Government subsidies industries do not necessarily flourish and their consequent shrinking tends to bring about fall in the volume of production.

With the partition of the Indo-Pakistan sub-continent and due to all that followed in its wake, the economy of Pakistan received the rudest shock particularly due to migration and immigration of people from one dominion to the other. The commerce, industry and trade of Pakistan for some time remained almost paralysed. Even now markets in Pakistan need great efforts to reorganise their whole set up.

To enter the world market it is necessary that a nation should first organise her family market, her local markets and her national market. Success in world market depends upon the degree of success that nation achieves in developing her national market. For developing a healthy national market a country has to keep pace with its industrial and commercial progress and the strength of its productive organisations. In an economically healthy country as many markets are found as there are important branches of trade.

Localisation is very much evidenced today in the separate institutions of exchange like stock exchange, corn exchange, cotton exchange. We have none of these exchanges in operation in our country. We must have them now for without them we cannot have an approach to a perfect world market. The economic functions of exchanges are so invaluable that the entire development of economy and its healthy growth depends on the health and vigour of such exchange is a most essential one as it provides all the economic needs of a perfect market. It facilitates the transfer and re-arrangement of invested capital and also the capital seeking investment. It is also provides cheapest method of grading capital represented by stocks and shares. It makes possible national dealings in securities and renders stocks and shares acceptable as cover for industrial loans. The rigid rules with which it covers the markets and the high standard of commercial morality which it maintains creates confidence and brings round great number of capitalist into bussiness relationship.

The trend of business in stock markets has an important affects throughout the expanse of nations

economy. Stock exchange though not itself a market, for new capital, particularly, offers the advantages of rate realisable which in its turn plays a vitally important part in stimulating and encouraging the flow of new capital for industrial and other purposes. On the whole stock exchange tend to energise the industrial population.

The produce exchanges are modelled on the basis of the stock markets and the parts played by them are as important and essential to the economic development of a country as that played by stock exchanges.

The only stock Exchange in Pakistan at present functioning is the Karachi Stock Exchange, which was inaugurated on the 2nd July, 1948. It is a joint stock company and has a membership of 89 only.

INSURANCE

In the economic field of a country insurance plays an extremely important role in canalising the saving of middle class investors into fruitful channels of long term investment and this is a matter that should deserve the greatest attention and care from the economists devoted to the cause of economic progress of their country. In many countries large amounts are contributed by insurance companies towards the formation of capital. In our country there are very few insurance companies and foreign companies are expected to invest only a prescribed portions of their Pakistan assets in Pakistan. With a population of eighty millions Pakistan has only eight nationalised Insurance Companies out of which four are located in the West Punjab, three in Karachi and only one in East Pakistan. Sixty eight non-Pakistani companies

are cperating in Pakistan and out of this number nineteen belong to India. Thirty three companies have their head-quarters in United Kingdom and five of them purely British owned. The Government of Pakistan took up the administration of Insurance from April, 1949. It may be recalled that according to the Partition Council Agreement, India was authorised to administer the Insurance Act of 1938 within the Dominicn of Pakistan up to March 31. 1949 and another agreement with the Government of India was reached at the Inter-Dominion Conference held on December 6th, 1948 according to which Indian Insurance Companies were allowed to operate in Pakistan under the proviso that twenty-five per cent of their Pakistan assets should be invested in Central Pakistan Securities. With the establishment of normal conditions and revival of trade and industry it is hoped that more Pakistani insurance companies will spring up gradually eliminating the foreign interests. It is incumbent upon us to encourage and promote insurance business in such a way as to secure for our country the maximum benefit derived from the resulting capital formation. The question of forming one or more insurance companies directly sponsered by the Government or at any rate supported by the participation of Government in their capital is a matter which should engage our serious consideration. The confidence of general public should be gained by ensuring that savings secured from insurance will be emplcyed wholely within the country. The benefits of Government Postal Life Insurance should also be extended according to the concept now prevailing.

The benefits of insurance should be bought home to the public and they should be educated on this point. With every increase in the number of insurance concious people a great increase in the insurance

business is bound to come. The work of propayating the benefits of insurance can be beneficially carried on both by the existing insurance companies and the government. Like banking sound insurance business can develop and flourish with the development in trade, commerce and industry of the country. Both these branches are so inter-related that on the progress of one the progress of other depends and automatically follows. Pakistani insurance companies that are operating are doing moderate business which taken together does not compare favourably even with one of the foreign companies.

The following is the list of Pakistan Insurance Companies engaged at present in different transactions :—

	Name of Company	When established	Registerd office	Classes of business
1.	Chirstian Mutual Insurance Co.	1847	Lahore	L
2.	Indian Life Insurance Co. ...	1892	Karachi	L
3.	Estern Federal Union Insurance Co.	1932	Chittagong	L. F. M. Misc.
4.	Muslim India Insurance Co.	1935	Lahore	L
5.	National Craft Underwriters (Country Craft)	1946	Karachi	M
6.	Northern India Motor Owners Mutual Insurance Co	1946	Lahore	Misc.
7.	Pakistan General Insurance Co.	1948	Lahore	L, M, F. Misc.
8.	Habib Insurance Co. ...	1942	Karachi	L, F. M. Misc.

L for Life, F for Fire, M for Marine, Misc. for Miscellaneous

CHAPTER XI

PLANNING FOR ECONOMIC PROGRESS AND DEVELOPMENT

The new nation of Pakistan took a start in the midst of the greatest difficulties and adversities that could ever be-fall a nation. The area forming Pakistan in itself not developed was robbed of all that it contained in the way of development by the destructive attitude of those who wanted to destory this new nation in its very hour of birth. We, are therefore, now faced with the problem of building our national life a new for which a very careful and foresighted planning is the greatest necessity.

Our planning for development at the moment should cover the field of :—

1. Agriculture and Forests.
2. Industries (both heavy and cottage industries).
3. Communications.

(a) **Development of Agriculture**—The role of agriculture and forests in the economy of Pakistan is such on the development of which depend and will continue to depend for many years to come the prosperity, strength if not existence of Pakistan. A greater attention towards the development of agriculture and forest resources is more essential than any thing else.

Besides agriculture due importance should be given to horticulture scheme designed to improve the quality and quantity of fruits.

We must have for all these developments a set-up on permanent basis :—

1. Which should have on the one hand sufficient strength for local organisation and on the other for

looking after mechanised cultivation, agriculture marketing, agriculture chemistry, economic botany, mychology, antimology and horticulture.

2. For running research organisations relating to vegetable, flower production, potato production, fruit development, and sugarcane development should be considerably expanded.

3. For investigating carefully and for planning a programme to fight all types of pests and diseases by large scale spraying etc. of field and orchards.

4. For soil conservation, improvement of poultry and wool.

5. To plan and to maintain an efficient irrigation services worked either by a net work or canals or tube wells.

6. The last and not the least important is the development and supply of cheap power and machinery which is the common factor for stabilising and expediting the development of industries and agriculture. In all the advanced countries the supply of hydroelectric to the agriculturists and to the industrialists has proved of equal benefit. Power, therefore, being the very life blood of modren agriculture and industry should be given top priority over all the development schemes that our country may launch.

Forests—Forests represent a great source of national wealth and they are an investment to a country's future security. It is not only by helping the agriculture of a country that forests play an important role. Industrialisation of a country cannot be achieved without the supply of forests products. Besides medicinal herb and plants are the greatest wealth which

the forests produce. Several industries could be established independently on supplies from forests.

Though Pakistan is rich in the supply of medicinal herb and plant from its existing forests, Pakistan possess still greater wealth which has not yet been exploited.

Pakistan has only 4·1 per cent of its entire area of land under forests, while Austria has 38%; Czechoslovakia 34%; Finland 74%; France19%; Sweeden 55% and Switzerland 23% of the country's land under forests. Pakistan being predominently an agricultural country our potential forest resources must be a promenent factor in all our planning. Forest and agriculture must go together and both must depend on each other for their development. It is not possible to develop and to maintain forests without having a regular afforestation scheme. A well defined national policy should therefore be formulated for development of forests for the coming hundred or two hundred years. It is a universally admitted fact that normally for the balanced economy of a country it is necessary that at least twenty to twenty five per cent of its area should be under forests. The national forest policy shall have to be fundamentally different from the old policy which was static and aimed merely at preserving whatever forests already happened to exist. Pakistan's policy shall have now to be dynamic and shall have to aim not only at preserving the existing forests but at developing and extending them on a wast scale in order that in the not too distant future there should be proper balance between the area under forests and the total land. Pakistan should, therefore, concentrate and launch an extensive afforestation policy.

Some Suggestions—Since it is essential to preserve in perpetuity for the benefit of present inhabitants and posterity, sufficient land, as well distributed as possible, either already under forest or capable of afforestation, so as to supply the rural and urban population with feul, fodder and timber for domestic and agricultural requirements, to produce a sustained yield of timber and other forest produce and to maintain regular flow in the rivers and mitigate the severity of flood to sustain essential services and industrial development and to improve conditions for preservation of wild life, the following suggestions may be given proper consideration and adopted as a matter of policy by the State so far as they are consistent with the Governments' programme.

1. A high priority be given to the claims of forestry and adequate facilities provided for large scale afforestation and harvesting.

2. The practice of sound management in privately owned forest should be ensured by legislation or negotiation and by technical and, if necessary, financial assistance.

3. The legislation be enacted appropriate to the needs of the country to provide powers to control utilisation of land and define the scope of work of forest services in a co-ordinated programme of soil conservation and land utilisation.

4. It is of paramount importance to associate public opinion in the execution of forest policy, through education, propaganda and demonstrations.

5. Forests be classified, on basis of their utility and objects.

6. The commercial aspect of forestry be generally subordinated to the over-riding necessity of integrating it into the general context of the economy of the country as far as possible.

7. In view of acute deficiency of forest area in the country, a bold and well-planned action programme be undertaken for increasing forest area by :—

(a) Reserving at least 10 per cent of cannal irrigated land and 10 per cent water supply for raining irrigated plantations under new projects.

(b) Growing trees on canal banks, road and rail road sides and arable wasteland and

(c) Farm forestry, preferably in compact plots of cropland, set apart on co-operative basis by village communities.

8. Existing forests be developed by encouraging the most economical utilisation of timber and other forest products.

9. Development plans be executed by the agency of only trained foresters.

10. Forest research, an important pre-requisite for success of a dynamic science like froestry, be organised on suitable lines and be centralised in Pakistan Forest Institute, with ancillary field units in different problem areas of the country.

11. Effective measures be taken for the preservation of the fauna of the country.

12. Expert advisers and trained supervisors shculd be gathered to look after the proper development and maintenance of forests under a uniform policy and programme.

Fisheries—It should be stated at the outset that the fishery resources of Pakistan are by no means unknown. On the contrary, the activities of the fishermen, the efforts of the distinguished series of scientific investigators who have studied the fauna and flora of the Indo-Pakistan sub-continent and the recent work of the fishery officers of Pakistan, have established a body of knowledge which is of considerable value.

The resources in the off-shore waters are typically tropical. In the surface waters large schools of **Sciaena, Polynemus,** and **Pristipoma** have been observed and are regulary present in a seasonal pattern. Smaller shoals of **Stromateus** also occur. In the mid-waters **Cybium** and Elasmcbranchs are present whilst in the bottom waters there is an abundant and exceedingly varied fauna, comprising **Synapaura, Cynogolossus, Lutjanus,** and Elosmobranchs.

The on-shore zone, which consists of the area along the sea coast standing out roughly to the edge of sight of land and taking in all coastal bays, possesses an endemic fauna as well as sharing some of the elements of the off-shore zone and of the brackish and fresh watars fauna. This zone possesses stocks of **Mugil, Sillago, Chrysophrys, Gerres, and Lutjanus.** In addition there is a very substantial fauna of prawns (**Penaeidae**).

The brackish water areas are of very considerable extent. In terms of surface of the earth there is roughly 2500 sq. miles of brackish water area in the Indus estuary and more than 5,000 sq. miles in the Ganges and Brahamputra delta. These brackish water areas include a vast net work of water-ways which are inhabited by a varied fauna of Mullets, Perches and Herrings and there is a tremendous stock of Oysters. Apart from

the net-work of water-ways this are includes a considerable amount of ground which could be exploited by means of bunding for the cultivation of this fauna. Apart from the strictly deltaic region it is to be remembered that the brackish water conditions penetrate the main river course and with the penetration the very important fish the Palla (Hilsa) proceeds up-stream into fresh water.

The inland areas of all the flat country in East Bengal and the flat reverine country of Sind, the Punjab and the North Western Frontier Porvince contain a tremendous amount of running and still water, both permanent and semi-permanent in character. These waters run or lie in fertile soil. All of them except those of the North Western Frontier Province are warm waters and are occupied by a considerable varied fauna, including **Catla, Labeo, Wallago, Cirrhina, Notopterus, Barbus, Arius** and **Ophicephalus.**

Production—The existing industry consists of three major divisions—firstly off-shore fishing chiefly using nets and employing boats of substantial proportions, secondly the fisheries in the brackish water, estuarine areas, consisting of both capture and cultural operations and thirdly the inland fisheries which in the west, except the Punjab where a few hatcheries and nurseries exist, are entirely capture operations but which in the east include cultural operations on a fairly large scale.

Marine fishing along the 500 miles long coast of West Pakistan is sufficiently developed while there is yet a very great scope for developing it tremendously. More than 120 species of fishes have been recorded on this coast. About 59,000 fishermen are actively employed in the industry with their improvised nets and boats.

At Karachi alone in the year 1947 over 22 thousand tons of fish were landed. Cured prawns about 40,000 maunds and about 1,00,000 maunds of prawn shells were exported from Karachi to India, Ceylon and Burma. It is estimated that cured fish and shark fins alone worth Rs. 2,50,00,00 were exported to Ceylon, Burma, Malaya and China. For canning of fish there are good prospects. Prawns are plentiful on the Sind Coast for about 6 months and for the rest of the year on the Baluchistan Coast, so a constant supply in excess of market demand, is assured throughout the year. There is also excellent scope for raising industries to manufacture fish by-products. The liver of the shark and saw-fish is known to yield rich oil of therapeutic value and that of rays is useful for commercial purposes. The manufacture of of gelatine, peptone, fish guano and body oil, collection of sponges, cultivation of pearl and edible oysters offer as yet unexploited trade possiblities.

The number of boats etc. engaged in fishing industry in various Provinces of Pakistan is as follows :—

	Number of boats
Karachi Administration Area with the Coastal Creeks of Sind.	1617
Sind (Inland Fishery)	6083
Baluchistan Coast	2580
East Bengal	6000
Punjab	500
N. W. F. P.	not known.

Production is estimated to be in the order of 75,000 tons, wet landed weight of fish per annum. The bulk of this is landed in East Bengal (nearly 50%). The approximate amounts from each province and the

approximate proportion of the catch represented by each species is shown as follows :—

Porvince	Annual fresh-fish landings
Karachi Administration Area with the Coastal Creeks of Sind	12,460 tons.
Sind (Inland Fishery)	9,500 tons (fresh water).
Baluchistan Coast	7,000 tons.
East Bengal	40,000 tons (marine and fresh waters).
Punjab	8,000 tons (fresh waters).
N. W. F. P.	

Of the total of production of Sind it is estimated that approximately one-third is handled and consumed fresh and two-thirds processed. In East Bengal roughly 80 per cent is consumed fresh whilst in the Punjab roughly 90 per cent of production is consumed fresh.

Processing methods are primitive and consist only of salting and drying. There are various minor products which, however, have real export value; these include shark fins and isinglass. The export of these products from 1st April 1948 to 31st March 1949 is shown as follows :—

Name of the Commodity	Quantity in Tons	Value in Rupees
Fish Dry Unsalted	936	21,27,322
Fish Dry Salted	915	33,79,379
Fishmaws and Shark Fins	111	5,36,942
Fish Wet Salted	164	1,21,512
	2,126	59,65,155
Fish Manures	6,190	18,58,713

Two factaries in Karachi pre-partition time worked and produced 6,500 gallons of shark liver oil in 1947 alone.

Fishermen also extract crude liver oils which is sent out for refining and standardisation, but most of it is used for smearing boats.

Pakistan is rich in both inland or fresh water fisheries and marine or sea fisheries. So far the fisheries industry is carried out on primitive lines. If organised on modern lines the marine fishing have the prospects of developing into a large scale industry and the fresh water fisheries or inland fisheries can become an essential source of inland supplies. In Pakistan, practically every one is meat eater, the drain on our cattle is so great that in the long run it cannot cope up with the demand. Every year the killing is much more in comparison to the reproduction. This indiscriminate killing has got to be checked and to achieve this it is essential that the rapid consumption of live-stock be replaced with the supplies of fresh water fisheries in quantities enough to form a substitute of meat in our daily menu. The development of inland fisheries therefore, from the above point of view, warrants immediate attention.

In East Pakistan the entire population is fish eater. Fish and rice are their staple diet. There are mighty rivers and innumerable ponds. These ponds and tanks are attached to their gardens or dwelling places. Besides the tanks there are extensive sheets of water in the lower reaches khown as "Bheris" and Estuarine area or Sunderbans. These afford wonderful opportunity for development and culture of fresh water fisheries. This culture is to be organised on scientific and systematic lines by helping the fishermen and the private pisciculturist with practical advice, technical assistance andthe procurment cf fish seeds and finger lings. It is no doubt an immense task but carried out with perseverence is likely to give tremendous results.

For development of Inland fisheries some of the important suggestions are that:—

(1) some sort of legislation to stop the indiscriminate slaughter of fishes and the young ones is necessary. Closed season be observed to allow breeders to spawn and propagate their progeny.

(2) Fish farms consisting of hatcheries, nurseries and breeding ponds for keeping a stock of seed and young fishes for supplying the needs of the pisciculturists be established. In these forms experiments be conducted on the culture of exotic fishes.

(3) For development of inland fisheries it is of great importance that the migratory fishes ascending the rivers for breeding be helped by constructing dams or barrages.

(4) Methods of catching fish be improved so as to make it effective even in the deeper water.

(5) The fishing industry is in the hands of illitrate superstitious and ignorant fishermen. They should be trained and organised into co-operative societies so that they may operate as a corporate body.

(6) The latest methods of catching fish be introduced and the fishermen be taught the modern technique. Our fishermen are generally poor and they cannot afford costly gear and boats, theretore monetary and technical help be extended to them at least in the initial stages

(7) Quick transport be provided for transporting the fish to the ma rket in good time.

(8) The fish is a highly perishable commodity, therefore it is also necessary to make arrangements for their cold storage and on each big fishing centre a big cold storage plant to preserve the fish be estashlished so that the large catches may not be destroyed before they reach the market.

Basic Industries—Pakistan produces food grains sufficiently for its own use and also for export to the neighbouring countries. Any plan for industrilisation of Pakistan should take these factors into consideration and emphasis should be placed on the set-up of the industries at the first instance of those things for which raw material abounds here viz, textile, jute, starch and allied industries. This will make the country self-sufficient in basic consumers' goods and will put it in a strong position to compete in foreign markets with India, Japan, Italy and other countries. As regards production it is to be recognised that our mode of production is out-worn and in-adequate. We still depend so far as agriculture is concerned mainly on animals for tilling on our soil with the result that our per capita production is low. With every expansion in our industry we will have to increase the production of food to maintain our export level, with the help of which the country may be able to finance these industrialisation schemes.

Agriculture is the basic industry of Pakistan and will continue to be so far long time to come. It guarantees a sound economic situation for the country and will help a great deal in resisting inflatory trends. It should be realised that creating sound conditions and increasing of our agricultural production per capita can only be possible by mechanisation of agriculture

and reclamation of waste and fallow lands. The problem of mechanisation can be solved when system of large scale farming is introduced. A large number of people are liable to become unemployed as a result of large scale mechanisation and it will become impossible to provide them with work without embarking on a programme of large scale industrialisation. Industry and agriculture in this country therefore become co-related with each other to the extent that one can thrive only when the other flourishes. Industrial development of our country as well as agricultural development is equally essential. In view of these considerations it is necessary that plans for the industrial development of Pakistan should be quickly formulated and expeditiously pushed through. The favourable trade balance and abundant raw-material place us in a advantageous position to begin working in this direction with optimism and confidence.

Power—First priority should be given to the development of power and manufacture of basic consumers' goods. Motive power is a very life and blood of expansion of industry as well as agriculture. The introduction of hydro-electrical schemes will not only help industry in running the factories but will also help in erecting plants or tube wells for irrigation of waste tracks of land which are at moment lying un-cultivated and barren for want of water. Motive power modernised by the discovery of the atomic energy has become still more important and its development in our country should be taken in hand without any more loss of time.

We already possess most of the basic materials required for the manufacture of textiles—cotton as well as wollen, leather goods, hessian cloth, fruit preservation, confectionary and oil etc.

Handloom Industry—If in first five years we erect a million spindles in Pakistan, we shall be almost self-sufficient in our cloth requirements. The handloom industry wili receive a great impetus and allied industries will automatically prosper. This development alone will save a substantial amount of foreign exchange which can be utilised for the purchase of heavy machinery. It may be pointed out that the main difficulty in the way of rapid development in handloom industry is the shortage of yarn. Top right priority should be given to the set-up of power driving spinners.

Jute Industry—Similarly the development of jute will put us in a very strong economic position and we shall be able to approach any country for the purchase of the necessary industrial requirements. East Pakistan is greatest producer of jute in the world. If we could set-up factories for jute and for preparing finished goods, we will be saving a great deal of loss that is acruing to the state in the shape of profits to those who buy raw materials from us and produce finished articles. We suffer another loss when we buy back the finished articles of the raw-jute that we sell out. Not only this but raising of the jute industries in large scale will provide employment to a very large number of labourers. This will thus tend to solve to a very great extent problem of poverty and unemployment in East Pakistan.

Steel Industry—Next in importance comes the development of steel and chemical industries. The development of steel industry will makes us independent in our requirements of pig iron, structural steel etc. and will facilitate the organisation of engineering locomotive automobile and other heavy industries. Our iron-ore deposits have not yet been properly

surveyed. There are indications that we have sufficient iron-ore to meet our requirements. Recently the Pakistan Geological Survey announced the discovery of iron-ore mines near Hindu Bagh in Baluchistan. Iron-ore is also found in Mianwali and some parts of Frontier Province. We are also rich in non-ferous metal like chrome which we are already escorting. There are also rich deposits of antimoni, leed, zinc etc. in Baluchistan and in the Tribal belt in the North West Frontier Province. With so many rich deposits we can with little more of investigation establish ourselves and our steel industry independent of supply of raw material from any other country.

Chemical Industry—West Pakistan is rich in chemicals. Sulpharic acid is one of the basic acid for any industrial development. There is no dearth of it and there is no dearth of niterate in Pakistan which can be utilised in the manufacture of niteric acid artificial fertilisers and explosive for our requirements. Out salt deposits in the Salt Range of the Punjab and Kohat are among the largest in the world. Many more items like soda castic can be plentifully produced.

Of these resources the prospects of establishing chemical industries in Pakistan are more bright and should be availed very soon.

Coal—From gypsum which we have in abundance we are making cement. We are also rich in materials required for the manufacture of fibre bricks, sanitary fittings etc. People interested in the building up of this industry can overcome many other difficulties if they could get the required machinery and a site suitably located. This industry has also bright prospects and is likely to get a good market. The quality of coal found in Pakistan is not good, besides the layer

of the coal—seams is thin. This means that a poor quality of coal is mined at high cost. Perhaps a proper survey can disclose a better quality with a thick layer. This poor quality of coal can be better utilised for extracting chemicals. The burning of coal is the worst use of this chemical compound. If attention is paid, variety of acids, artificial fertilisers and various plasters can be manufactured from this valuable compound.

Electricity—The shortage and poor quality of coal can be made good by the development of hydro-electric and by tapping our petrolium deposits of which we have huge resources. Hydro-electric schemes are in hand but the progress of work over these schemes is slow. It must be speeded up if the industrialisation of the country is not to be delayed. The electrification of railways should also be given proper consideration. The utilisation of rivers and canals for creating energy should be considered at first.

Mineral Oils—As regards the mining of mineral oils huge plants should be set up. This would require investment of very large sums of money which the present Pakistan capitalists may not be able to invest. This is some thing for which a deal will have to be made with foreign concern who may take up this work on our behalf.

Glass Industry—Glass sand has been discovered near Jhelum in Punjab and in Jungshahi in Sind. This is very superior type and can be more usefully utilised. Progress in the development of glass industry is satisfactory and it is hoped that in the next future years we will be able to export a substantial quantity of our produce to other countries. after fully satisfying the local demand. In this industry so far the manufacture of optical glasses has not been taken in hand.

This should not be neglected as it forms a very important item.

Paper and Pharmaceutical Industry—The possiblities of development of paper and pharmaceutical industries are great. These should be carefully and closely examined and top priority should be given to their development.

DIFFICULTIES OF INDUSTRIALISATION

The most difficult problems that presents themselves in the shape of potent danger and obstacle to the rapid industrialisation of our country are :—

(a) Want of capital, lack of spirit of enterprise and initiative.

(b) Cry for total nationalisation of industries.

(c) Lack of technical and managerial skill.

Want of Capital, Enterprise and Initiative—It is true that our capitalist class is not highly developed and lacks enterprise. Easy profit in commerce and trade has made capital shy and is responsible for the hesitancy of private capital in coming forward for investment in industries. The lack or total absence of facilities for industrial credit due to the unwillingness of banks in advancing long term loans much of the required capital for industrialisation is not forth coming. This accounts for the difficulty in securing financiers for schemes of industrialisation. In this context our schemes of industrialisation will not materialise if we entirely depend on private enterprises. Full scope should undoubtedly be granted to private enterprises but when it fails to satisfy the needs, the government shall have to come forward and take the initiative in its own hands. Pakistan must have all the essential industries whether they are run by the government or by

private enterprises. Foreign capital can flow in, but it may be feared that it will bring with itself the curse of political and economic domination. To allow or not to allow the foreign capital to flow in is a question which can be debated and argued from both the sides. If foreign capital is allowed to industrialise our country, we may run the risk of becoming dependent or at least a satelite of the nation making huge investment in our country. If we do not allow foreign capital to flow in for investment in various industries we of course cannot afford at present to raise heavy industries which require huge capital. A via media is, therefore, to be found out and the degree of success on this will depend upon the clever handling and efficient working of our own government. By way of a suggestion it may be said that our government may allow foreign capital to come in for a limited period subject to the over all supervision and control of our own government fiscal and trade policy.

To make our own capitalists industry minded, the government should undertake to educate and train the capitalists in industrial works by sending them out to highly industrialised countries and by affording them every opportunity of coming into close contacts with the industrial classes of other industrialised nations. No doubt this will take time but the future generation will have sufficient number of people who will be inclined more towards industries than towards commerce.

Cry for Nationalisation of Industries—The other factors that frightens the capitalists and make them shy is the stereo-typed cry for total nationalisation of industries. This cry although yet in the wilderness has created grave doubts in the minds of capitalists and industrialists about the ability of the government to withstand such pressure, in the long run. The movement for nationalisation of industries though not strong

in our country is speeding like wild fire in the economic life of other countries. Unless our government succeed in categorically clarifying the position and its own attitude towards capital and industries, it is feared that capital will tend to flow in various other less productive and less essential channels than industries.

Lack of technical skill—Besides difficulties in procuring capital the most complex of all the problems is that of finding skilled labour. The lack of technicians and dearth of technical skill who operate machines and discover and utilise the natural resources is another big hurdle in the way of rapid industrialisation of our country. Nothing can help to make up this deficiency except importing of foreign talents and educating our own people. Speedy and extensive programme for technical education of Pakistani youth should be taken in hand immediately. The training and education of our youth will take much time. But our industries cannot wait. So we have good reasons to take a start atonce with the help of imported skilled labour.

A well conceived plan sincerely worked out can get us over all these difficulties in the course of several years to come. Any slackness, lethorgy or carelessness is bound to put the nation to a colossal loss and consequently is likely to keep the nation much behind other sister nations. It may also put the clock back.

Those at the helm of our affairs should find it necessary to handle to these above mentioned problems with care and caution. A very small tactical blunder may result in far reaching consequences. The country at the moment is at the threshold of its economic career. Our economic future will shape itself in consonance with the good bad or indifferent start that we take.

Industries—Judged by any crieteria, the position of the areas known as Pakistan, is much better today than it was befor the partition of sub-continent. Pakistan has a favourable balance of trade, ample foreign exchange both in sterling and dollars. Budgetory position is also on the whole satisfactory. A flourishing State Bank has ccme into existence. A change over from one currency to another has been successfully met without any breakdown. The public loans have been successful. People have confidence in the government.

With this background rapid industrial progress for the country is within sight, but a sound policy on the part of the State is the very pivot of our industrial progress. The essentials of which are as follows :—

1. **Capital Issue**—The State should have an effective check on capital issues so that people of no consequences are not allowed a free hand so as to be able to miss-use the money subscribed by the public.

2. The State should participate in share and management of specified industries to ensure their healthy progress and sound working.

3. The state should help all the industries to obtain the services of the skilled labour and technicians from foreign countries if the desired hands are not available locally.

4. The State should also assist the industries in procuring certain essential plants from countries which do no generally release such plants to individual industrialists.

5. **Suitable Rate of Taxation**—The rate of taxation should be such which does not stand in the way of investment in industry. No doubt

the higher rates of taxation affect only a few individuals. Still broadly speaking such concessions should be allowed in income tax and rate of depreciation for new industries which may induce the industrialists to take full advantage of these concessions. Capital is already shy and people generally shrink from making huge investments without being fully sure of the future policy of the state. That is why some times in spite of various concessions capital does not come forth for investments in industrial developments in sufficient amounts. A firm, stable and persistent industrial policy is essentiai for the industrial progress of a state.

Vocational Training—Pakistan possessing large industrial potentilities faces a prosperous future, but its problems are manifold. To solve these problems the most essential pre-requisites are :—

(I) Raw Material.

(II) Domestic Market.

(III) Manpower.

A bounteous nature has assured the first; the second is equally assured by the needs of the large population. Even the third is there quantitatively, but not yet qualitatively. If the achievement of the older highly industrialised countries of the world are to be evolved, then we must borrow from their pattern. In all industrially advanced countries official measures are provided for vocational guidance. The necessity for this in Pakistan is more imperative because of the recent mass migration from India of millions of her up-rooted nationals. Only guidance of vocational character can

provide them with an anchor. We must therefore introduce vocational guidance not only for jevenile but also for adult population.

To ensure that these immense sources of genius of manpower shall not be wasted, Pakistan has to be determined that its population shall be equipped—as other industrial countries are equipped—to give optimum expression to its inherent skill to make its full contribution to the future stability and welfare of the nation.

Machinery which for so long was unobtainable is now arriving in Pakistan in increasing quantities. The question arises whether Pakistan will be ready to use this machinery ? Here arises the problems of obtaining and training suitable labour, of ensuring the continuity of supply of artisans and techincians and handlign of the one hundred one difficulties inseparably associated with production.

All too frequently educational instructions have been subordinated to higher theoratical education while it is only essential for the small percentage of prospective, executives and specialists. These can achieve little without adequate supplies of skilled labour of the artisans and craftsman class. With scarcely any factories the apprenticeship system has not been developed. The delay occasionally by difficulties of building has exentuated further the present slow demand for labour. Now, however, when a number of factories will almost simultaneously come into production the problem of manpower will begin to present a very real conundrum. Thus then Pakistans' production problems which may be overcome before we start our actual planning for industrialisation. Our people are intelligent and teachable. Hence greatest emphasis on vocational training and guidance is the crying need of the hour.

Industrial Policy—The Statement of Industrial Policy issued by the Government said that responsibility for planning in respect of the more important industries should be that of the Centre; similarly, in respect of the regulation of mines and oil-fields and development of minerals. Both these decisions have now been given legislative form in two 'historic' Acts—the Regulation of Mines and Oil-fields and Mineral Development (Federal Control) Act 1948, and the Development of Industries (Federal Control) Act, 1949.

Few have yet realised the far-reaching importance of these two Acts. It is no longer the responsibility of the Provincial Governments to develop the main industrial resources found within their confines. It is the responsibility of the Central Government now. The conditions now obtaining the world over this is as it should be and that in this task the Centre should have the fullest co-operation of all Units and of all interests concerned. As time goes on people will realise the far-reaching charcter of the change that has been effected and the great advantage which accrues to the country by that change.

Under the Regulation of Mines and Oil-fields and Mineral Development (Federal Control) Act, 1948, Government have issued rules for the working of Petroleum Concessions, called the Pakistan Petroleum (Production) Rules, 1949. These rules bring up to date the law relating to the grant of petroleum concessions. A glance at these rules will show that whilst Government have been most scrupulous in offering guarantees to investors and facilities for the development of petroleum industry, they have taken good care to see that the country's interests in all fields are fully safe-guarded. Detailed rules as to association of

Pakistani capital and of Pakistani nationals at all levels and in all branches of the industry find place in these regulations. Government are now engaged in finalising the Mineral Concession Rules in so far as minerals other than petroleum are concerned and expect to be able to publish them shortly.

In order to administer the Regulation of Mines and Oil-fields and Mineral Development Act, 1948, Government have created a new Department of Mineral Concessions under a Director who takes the place of Collectors of the district under the old mining concession regulations.

As regards to the Development of Industries (Federal Control) Act, 1949, under this Act, the Central Government is responsible for the planning and development of as many as 27 different types of Industries, ranging from Arms and Munitions of war to Tobacco. It is in the discharge of its responsibilities that the targets of development which should be aimed at in the next five years have been fixed. These targets are the result of the delibertions of the various Advisory Committees attached to the Department of Supply and Development. There are to-day, as many as seven such Committees dealing with the following group of Industries:—

(1) Heavy Engineering,

(2) Shipbuilding and shiprepairing,

(3) Light Engineering,

(4) Chemicals,

(5) Leather,

(6) Glass & Ceramics and

(7) Food

Every one of these Committees has already met, many of them, several times and all have done most valuable work.

Tariff Commission—The Government of Pakistan have constituted the first Tariff Commission for an initial period of three years.

The Commission has been set-up in pursuance of the policy declared in April 2, 1948, that Government will always be prepared to give favourable consideration to claims for a reasonable measure of protection to industries established in Pakistan.

A number of industries have come forward with claims for assistance and it is essential that claims of these industries should be examined by an independent and impartial body so that the functions of any policy of protection should be laid on a just and equitable basis from initial stage.

Accordingly the Tariff Commission was appointed to perform the function assigned to it. This Tariff Commission will be authorised to carry out enquiries laid down in Section 4 of the Tariff Act.

It is recognized that protective tariff are not the only means of assisting industry which can be appropriately examined by a Tariff Commission. The Tariff Commission will therefore perform the following functions :

Commission's Functions—(a) It will consider and recommend what forms of assistance are necessary for the protection of an industry ; (b) It will keep under review the progress made by inustries in regard to the implementation of recommendations of the Commission approved by the Government and (c) will advise the

Government on ways and means of fostering industries and securing internal production at the most economical cost.

The Tariff Commission shall make investigations :

(1) On application by an industry referred to the Commission by the Commerce Ministry. The application shall be addressed to the Secretary, Ministry of Commerce and Education, Commerce Division who will make suitable arrangements for a preliminary scrutiny before the application is refered to the Commission. Such scrutiny will in general be made by the Industries Division, and (2) on a reference from the Central Government.

Tariff Policy—In examining the claims of an industry referred to the Commission for tariff protection and/or assistance by Government, the Commission will make such investigations as it may consider necessary, and satisfy itself that (1) the industry is established on sound lines and conducted with reasonable efficiency, having regard to natural advantages the industry is likely to dispense with the necessity of protection by, or assistance from, Government, within a reasonable period of time during which the additional cost to the consumer or charge upon the Exchequer is not excessive, or the establishment of the industry is essential to the security or economy of Pakistan and the protection of the industry by means of tariffs is not inconsistent with any treaty obligations undertaken by Government.

After satisfying itself in the light of the conditions that a claim for protection and/or assistance is established, the Commission shall recommend (a) the rate at which a protective duty should be imposed upon any articles or class or description of articles,

which may compete with the products of the industry concerned, (b) any other forms of assistance which may be given to the industry by Central and/or Provincial Governments, and (c) the period for which, in the first instance, the protective duties and/or other forms of assistance should be applicable.

In making its recommendations, the Board shall take into consideration the interests of the consumers and will also give due weight to the interests of those industries which may use the articles in respect of which protection and/or assistance is to be granted. The Commission shall complete its inquiries and submit its report with as little delay as possible so that relief may be given expeditiously by Government to deserving cases.

Planning Machinery for Pakistan—Realising the need of the hour and with a view of setting up a machinery for planning and co-ordination of development schemes the Government of Pakistan have by now constituted a development board and planning advisory board. The Development Board works on secretariat level and is an official body. While representatives of the provincial and state government and of trade, banking, industries, agriculture, cooperation etc. are associated with the work of the planning advisory board. The functions of this board precisely are :—

1. To coordiante development plans, Central and Provincial so that the available resources are put to the best possible use.

2. To make recommendations regarding priorities among development plans.

3. To prepare under orders of the Economic Committee memoranda on matters of general policy affecting development as a whole or any special aspects of it.

4. To act as a clearing house of ideas and information relating to development and to bring to the notice of the Ministries ideas or schemes which may aid development.

5. To keep a watch on the progress of development schemes in order to remove bottlenecks and difficulties in the way of uniform progress in all the sectors and to make periodical reports on the progress of development schemes to the Cabinet.

The Planning Advisory Board advises the government generally on matter relating to planning to review the progress made in implemanting the plans and to act as an instrument for educating the public in regard to development schemes.

Industrialisation Proposals—The important factors which directly affect the future industrial policy of a industrially backward country essentially include among other things, (a) correct estimate of its raw material resources for the development of various industries, (b) role of state in industrialisation, (c) fixation of industrial targets in relation with and in ratio to the producing and the consuming capacity, (d) consideration of capital resources of the country (e) and the role of foreign industrialists. Standardisation of products, training of technical personnel and tariff policy etc. constitute other major items. The Pakistan Industries Conference held in December, 1947 after considering the above fundamentals of industrial policy

and after drawing up estimates of raw-material made definite recommendations for establishing following number of mills and factories :—

(a) Four Starch factories. (a) Six Spinning. (b) Three Weaving Wollen Mills. (c) Two Soda ash plants. (d) Five Sulphuric Acid plants. (e) One Ammonium Sulphate. (f) one Paper Factory. (g) One Match Factory. (h) Fifteen Tanneries. (i) Three Cement Factories. (j) Eight Sugar Mills. (k) Three Tobaoco and Cigarettes factories.

In consonance with the recommendations of the Industries Conference Pakistan Government announced its Industrial Policy in April, 1948. The announcement made by the Government contained official views on—(a) the objectives of Pakistan's industrial policy, (b) role of state in industries, (c) Government assistance to the industry, (d) taxation and tariff policy and (e) role of foreign capital in our industrial development.

Subsequently the Government took over the control of 27 major types of industries under the "Development of Industries (Federal Control) Act, 1949."

The industries, thus brought under federal control, included arms and ammunitions of war ; cement ; coal ; electrical equipment ; generation of electric power ; glass and ceramics ; heavy chemical industry ; heavy engineering industries ; high temperature and high pressure re-action and carbonisation plants ; iron and steel ; machine tools ; manufacture of telephones, telegraphs and wireless apparatus ; marine fisheries ; mineral industries ; non-ferrous metals and alloys industry ; paper and pulp ; petroleum and mineral oils ; power and industrial alcohol ; pharmaceuticals and drugs ; preserved

and prepared foods; rubber manufacture; scientific instruments, gauges and precision tools; sugar; salt; tanning and leather; textiles and tobacco.

Statement showing important industrial items, Annual requirements of the country and the country's capacity of annual production.

Industrial Items	Present (Annual requirements)	Present (Annual Production)
Jute Goods	50,000 tons	Nil
Cotton Textiles ..	Cloth & Yarn 450,000 bales of 400 lbs. each.	60,000 bales of cloth and Yarn.
Wool	Worth Rs. 8,00,00,000	Negligible.
Tarned Leather ..	Sole leather 22,500,000 lbs.	1,500,000
	Upper leather 19,500,000 sq. ft.	1,000,000 sq. ft.
Sugar	265,000 tons	41,000 tons.
Petroleum Products ..	500,000 tons	Refining (157,500 tons) Crude Oil (70,000 tons)
Machine tools and Workshops equipment.	Worth Rs. 10,000,000	Rs. 600,000
Iron and Steel . ..	Rs. 2,05,00,000	Rs. 1,600,000
(Ferrous foundries) ..	Ammonium sulphate 50,000 tons.	Nil
	Caustic Soda 10,000 tons.	Nil
Heavy Chemicals ..	Soda Ash 24,000 tons.	20,000 tons
	Sulphuric Acid and derivations 14,500 tons.	300 tons

Investment Position—The development of industry in any country is a difficult process especially when the country is back-ward and the moneyed class reluctant to come forward. During the process, one comes across a multitude of factors demanding a definite approach for the successful implementation of the proposed plans.

These factors include supply of adequate motive power, supply and training of manpower, industrial research, tariff policy, labour relations, role of state in industry, standardization and a large number of other such items.

Private enterprise has failed to contribute, to any large extent, in financing the industrial development of the country. The requirements of capital for the development of industry during the next ten years have been estimated at between 350 to 400 crores of rupees and efforts have to be made to draw an equivalent amount of capital.

Since Pakistani capital is not available, alternative sources of supply had to be tapped. Although the Government decided, as early as the beginning of last year to allow the import of foreign capital, country has not been able to secure any large scale investments. That is why the Government have now initiated a new approach. The Finance Minister three month tour of Europe and America has secured the object capital in the foreign markets is now quite willing to offer itself for use is Pakistan. Besides the recent decision of Pakistan Government to establish an Industries Promotion Corporation with the idea of sponsoring some of the major industries like jute, paper, fertilizer etc. would go a long way in easing the stringency in the investment position.

Industrial Finance Corporation—Another pre-requiste towards industrialisation is the proper handling and easy access to industrial finance. We cannot encourage the development of industries in our country without providing facilities for medium and long term credit which cannot be normally available from bank. Pakistan has by now passed an Act called the Pakistan Industrial Finance Corporation Act 1949, The capital of the corporation is Rs. three crores. The capital may from time to time increase according to the needs and requirements, The Government have subscribed 51 per cent of all shares issued and the rest has been

reserved for public subscription. This Corporation will discharge its functions on commercial lines with due regard to the interest of industries and commerce and public interest generally and shall be guided on matters of policy by the Central Government. This Corporation has been authorised to guarantee loans, under-write issue of stock shares, bonds and debenture by industrial concerns; receive commission; retain as parts of its assets and stock shares bonds of debentures which may have to take up in discharge of any liability incurred through under-writing, granting loans to or subscribing to debentures of industrial concerns and carry on all matters incidental to or consequential upon the exercise of its functions under the Act.

It is hoped that the Corporation will undoubtedly give a great impetus to the development of industries in the country by catering to the financial needs of the industries and the industrialists.

Co-operative Movement— Co-operation is a method of doing business "wherein persons are voluntarily associated together as human being on the basis of equality for the promotion of economic interest of themselves". Co-operation is not a subsidiary apparatus, but in its broader sense, is a method of approach with a very wide range of application in almost all sectors of economic life. Force of events indicate that co-operative movement is the best hope, not only of agriculture, but also of small and cottage industries. The association is thus on the basis of human values and not capital. It helps a lot in the elimination of middleman exploitors. Co-operative movement originally started with credit activities. and assumed the shape of co-operative credit societies. Later on the scope of activities increased to cover cattle breeding

better living, thrift societies, consolidation of land holdings, house building, insurance, medical aid and purchase and sale. Multipurpose organisation to arrange import distribution of necessities of life, agricultural implements, requirements of a large and small scale industries on the cheapest rates and to export the products in the shape of co-operative marketing societies came into being. But for the co-operative organisation it is difficult to say if Pakistan could have stood the strain of economic chaos after partition. In Pakistan the role of co-operation vitally depend on the creation of a psychological environment and on co-operation through multi-purpose society. Planned co-operation offensive should be launched all fronts with economic and psychological background as far as the solving of fundamental problems in relation with general economic development is concerned. It may be easier and more useful to try the experiments of co-operative industry along side co-operative farming. These factors if given some attention and bold :experiments are made, planned co-operation will find itself closely integrated with any plan that Pakistan economists may follow.

No plan can succeed unless it is backed by some sort of direct or indirect compulsion. Besides co-operation being a voluntary association can succeed only if the units are sufficiently conscious of their common interest and mutual good. Education in Co-operative principales is, therefore, a pre-requisite to the success of co-operative planning. This education should be conducted in both direct and indirect forms.

1. **Direct form** :—Mass contact through written articles, radio broadcasts, popular teaching, cinemas, posters, fares and exhibitions, demonstration and training schools for co-operative works.

2. Education among the younger genration to produce youngmen with co-operative learning and conscious of benefits of the co-operative movement.

1. **Indirect form**:—Demonstrations of the work done and benefits derived by the co-operators in various other parts of the country.

2. The intensive activities of the primary societies financing and sale of produce, supply of farmers simple needs and encouraging the subsidiary occupation of its members will serve as a practical example for easier assimilation of all that is imparted as a teaching.

A successful education in co-operative principles will greatly help the application of co-operative system in the industrial developments. Cottage industries, non-factory industries and factory industries which form the three kinds of industrial set ups in Pakistan, from the point of view of organisation at the moment suffering from lack of development, will gather momentum. They only need organisation which could help in arranging the capital on easy terms, collective purchase of raw material, up-to-date labour saving device, technical advice, gradation of manufactured goods and their sale. The co-operative movement offers the best medium of industrial development. Industrial co-operative societies whose membership will be open to all adults can be established for the attainment of our objects of industrial development. Their capital should be composed of an undetermined number of shares, deposits from members, deposits and loans from members and non-members and profits. The members should work at one place and they should be paid

wages for the amount and the quality of work done. The finished goods should be sold through the agencies of such societies and the purchase of raw material and necessary implements should be done by it. To extend the scope of such societies, they may be given the shares of multi-purpose industrial society. In this way the workers can find every chance of self expression and the question of labour exploitation will thus be set at rest. These societies cannot develop without state encouragement, help and supervision which may assume the form of financial assistance and exemption from certain type of taxes. In any case this experiment of co-operation in industrial development is well worth being put into operation. I however regard this as a crying need of the hour.

Government's Economic Policy :—The Honourable Prime Minister's speech, made on the inaugural occasion of the Pakistan Council of Industries is a declaration of Government's Economic Policy, therefore it is reproduced here:—

"Let me at the outset racapitulate the attitude of Government towards industrialization. Very briefly put we want to industrialise our country as quickly as we can. Firstly because no country can be strong without having developed industries. Secondly it loses enormous sums annually if it goes on exporting raw materials and importing finished goods and thirdly as a consequence the standard of living of its people remains low. To put it more concretely no country can have really modern and properly equipped army for purposes of defence and a high standard of living without developing its resources. Pakistan is an agricultural country with no developed industries. This lack of balance between agriculture

and industry has obvious disadvantages and must be redressed. That, as I said above, is what we want to do. But there are obstacles in our way. One of them is the timidity of our industrialists and the shyness of investors. Investing money in an industry has obvious risks but these risks have to be taken by those who wish to serve Pakistan. There also is the temptation to get quick returns, and for a short time at least higher profits, by taking part in trade and commerce. But anyone who wants to serve his country must not yield to such temptations. There are greater satisfactions than the mere pleasure of just making money. What is more the investment of money in industry is in the long run a sounder investment.

"Unless industrialists are willing to come forward and show a spirit of enterprise and unless those who have money invest it in industry Government will have to step in. It is these people whose co-operation we want and ask for. I think Government is fully justified in expecting and asking for it. The second obstacle we are faced with is the lack of technicians. I shall refer to this a little latter.

"The industrialists on their side have their difficulties. It is for them to bring them to the notice of the Government and suggest ways of getting over them.

"I have always felt that the system of Government that we inherited, was not flexible enough to meet the needs of the over changing situations. A tendency had grown for officers to work in isolation from the people and even among officers themselves to work in compartments. We in Pakistan have tried to remedy this deficiency and a large measure of co-ordination is now effected through various official agencies. I am

not, however, prepared to claim that more cannot be done in this direction. I realise that it is essential, specially in these critical times, that Government should speak and act with unity of purpose. Such unity of purpose can result only from every part of the machinery of Government realising its role in the general scheme of thing and pulling its weight in the same direction.

"I am aware of a feeling in certain quarters that various Government departments are working either at cross purposes or in complete disregard of the view points of one another. I have heard complaints of the multiplicity of organizations which would-be-promoters of industry have to approach before their projects can even begin to take a concrete shape. I would be glad if you gentlemen, who are so directly concerned with this matter, put your heads together and, after due consideration of all facts having a bearing on the subject, advise Government as to the manner in which Governmental agencies should be fashioned to achieve the object in view.

"I would remind you in this connection that there is already an agency which can provide a large degree of co-ordination required through the Director-General of Supply and Development who has his representative both at Lahore and at Chittagong. I would ask you and my other friends interested in industry to make it a point to fully utilise this agency and to bring to the notice of Government any deficiencies or defects that experience may throw up, so that we might remedy these to the advantage of all concerned.

"I attach great importance to the intimate co-operation and close collaboration of business-men with

Government and Governmental agencies in all matters pertaining to the economic well-being of the country. I am glad to find that judging from the numerous Advisory Committees set up by the Department of Supply and Development that a measure of co-operation does exist to day. I would like to take this opportunity on behalf of the Government of Pakistan to express Government's appreciation of this co-operation and of the work done by these Committees. The basic fact remains however that this co-operation must ba on a much larger scale. There must be evidence of greater enterprise and a bold tackling of bigger problems. There must also be a realisation of national needs.

" I do not want to dilate upon the various subjects which are covered by your Agenda, but I do want to call your attention to two or three questions which you will, I have no doubt, discuss at some length later. I have already referred to the provision of technical personnel required by industry. For some time now, Government have been studying how best to provide facilities for imparting technical education at various levels in the country. As in other fields, Government have had many difficulties to face. But there is no difficulty which does not yield to human effort when rightly directed. The question of establishing, Polytechnical, Technological, Industrial and Trade Schools in Pakistan is now under the active consideration of Government and before long I expect at least a few of these institutions to begin working. The provision of these facilities will not, however, meet the requirements of the situation in the field of practical training. Government have, therefore, to plan out a programme for the education and training of our youngmen abroad. Government have had this

matter under consideration and I am glad to tell you that they propose to send out as many youngmen, as are required for various industries to be given practical training abroad after they have acquired the necessary theoretical knowledge in our institutions here. Financial difficulties will not be allowed to stand in the way of implementing the scheme for training of our youngmen abroad. Here again it is not enough for Government to make plans and provide facilities. It is the people who must realise that without the trained personnel the availability of capital will not achieve much. It is only when these two combine that real progress can be made. Our people must therefore turn increasingly to science and to technology. Our youngmen must realise that one of the best ways of serving Pakistan is to acquire technical knowledge and help to create wealth in the country. While I am on this subject, I must acknowledge the offers of assistance which Pakistan has been receiving from the various countries of the Commonwealth, of Europe and of United States of America. These countries have offered Scholarships and Fellowships to our nationals in fields which are of special interest to us. I would like to make mention here, by way of illustration, of Fellowships and Scholarships offered by Australia, Canada, France, United Kingdom and United States of America I should not forget to mention the assistance offered by the United Nations Organisation to train our youngmen.

"This brings me to another question which the United Nation Organisation has made its special responsibility, namely, the development of underdeveloped countries. The question of giving effective aid to such countries in the present day world conditions has now been

fully recognised, as also its urgency and immediacy. There seems to be general agreement that prosperity, like peace, is indivisible.

"I must here point out that it is essential that the advanced countries should give not only the benefit of their store of technical knowledge and of their experience of large scale organization to the under-developed countries, but also the wherewithal for the development of Industries. Conditions favourable to the free flow of capital should, therefore, be created both in the countries exporting capital and those receiving it.

"So far as Pakistan is concerned, it is now almost a matter of history that the 'climate' for investment which investors from abroad so often go in search of has been provided here. In April last year, Government of Pakistan announced that Pakistan would welcome foreign capital seeking investment from a purely industrial and economic objective and not claiming any other special privileges. We also offered to give all reasonable facilities for remittance of profits earned on capital invested in the country. Advantage has been taken of this policy, but not to the extent which was expected. Conditions abroad which would induce investors to export capital in large blocks for investment in productive enterprises here have not so far been all created. Efforts are now being made in foreign countries to remove these handicaps. I look forward confidently to full advantage being taken of our policy and to larger investments of private capital flowing into productive enterprises here.

"Government are aware of a feeling, in certain quarters, that foreign capital is not essential for the industrial and economic development of Pakistan. This opinion is obviously based on the assumption that there is enough of capital in the country and that all that is required is to remove the several handicaps from which investors now suffer. Government do not accept this view point. They are satisfied, on the information available to them, that if Pakistan has to take rapid strides in the matter of development of industries, it should obtain financial assistance from abroad. It has been recognised by those who have made a study of the general conditions in undeveloped and underdeveloped countries that the financial problems of development cannot be sloved, within a measurable period of time, by reliance on the slow process of local capital formation. Such countries must look to the capital markets abroad. Pakistan's requirements of capital for industrial development have been estimated at *Rs.* 300 *crores* over the next 10 years. This is apart from the large sums required for development in other spheres of activity. Everything should, therefore, be done to increase the flow of both indigenous and foreign capital for the purpose of increasing the standard of living of our people through the development of industries.

"In order to stimulate such flow and to give a lead to people here and abroad, Government have decided to form a Statutory Corporation and to charge it with responsibility for the development of certain specified industries which are of vital importance to the economy of Pakistan and to the well-being of its people. In order to work out the constitution, duties, power and responsibilities of this Corporation, its

relation to Government and the Legislature, and to estimate the amount of Government capital to be provided initially and to determine the powers of the Corporation in regard to the raising of money from the public, Government appointed a Committee.

"The Committee has submitted an interim report and I am glad to tell you that action has already been taken on one of the recomendations of the Committee. The Ministry of Education and Industries is now engaged in the task of implementing the Jute Mills Project which, as you are aware, will cost *Rs. 7 crores.* Government expect to place orders for the equipment required to run the three jute mills veiy shortly.

"The next project which Government have on their list is the Paper Mills Project which is estimated to cost between *Rs. 5 to 6 crores.* Government expect to be able to place orders for equipment and machinery before the close of this financial year. Arrangements for acquisition of land, provision of power and facilities for transport are some of the matters which will engage the immediate attention of the Corporation when set up, Government have under their immediate consideration this most important matter. They hope to be able to announce their decision on it in the next few weeks.

"I am sure that the advice which the Council will tender to Government on the various questions raised will help Government to come to right decisions which will be to the advantage of the country at large. I have every confidence that with your help and the co-operation of the people, Government will be able to achieve the objects they have in view within the period of the plan."

CHAPTER XII

INTERNATIONAL ISLAMIC ECONOMIC CONFERENCE

Pakistan is of the Middle East as well as the Far East. Strategically she occupies a position of vital importance in both areas. West Pakistan has a common frontier with Iran and Afghanistan, both of which lie immediately between her and the Asiatic territories if the U.S.S.R. Pakistan controls the passes by which alone can be crossed the massive mountain barrier that separates her from Afghanistan and from Central Asia. Both because of historical and cultural affinities and because of physical contiguity, Pakistan is profoundly interested in the Middle East. It is Pakistan's interest that such conditions should be created generally in the relations of nations and in the circumstances of each country of the Middle East as would assure it peace and tranquillity.

Islamic countries of the Middle East has practically all the mineral and agricultural products which are needed for the development and there is no reason why they should not utilise them in the interest of their people. Here is a large mass of humanity stricken with poverty. They have natural resources and manpower but both of them are at present misusued and badly exploited. To devise ways and means and to get the disorderly houses in order and to canalise their resources, the First International Islamic Economic Conference was called in the last week of November, 1949. The Conference was opened in Karachi and about 200 delegates and observers from 20 Islamic Countries attended the Conference. The Conference was opened by the Prime Minister of Pakistan, who declared that the main object of the Conference was to formulate plans for the industrial development and expansion of trade

in Muslim countries. He stated "we want to know each other's needs and also what we can offer each other in terms of goods, services and technical help."

Declaration—A Declaration was signed by the participating countries during the Conference and on the occasion of signing the Declaration, the leaders of the various Delegations, such as Saudi Arabia, Algeria, Syria and Lebanon, Iran, Afghanistan, Turkey and Egypt assured the co-operation of their respective countries in working out a common economic policy for raising the living standard of the common man of Islam. Following is the full text of the Declaration :—

"We, the Delegates from the Islamic countries assembled together in Karachi for the First International Islamic Conference, are fortified by our brotherly deliberations in the conviction that we are united in the pursuit of common ideals by the glorious heritage of Islam. It is a heritage that enriches the existence of men because it is inspired by the principles of justice, tolerance and brotherhood. It shows the way to progress and to the adjustment of social relationship so as to win for the common man a life of happiness, contentment and dignity.

1. We are pledged to the promotion of international cooperation and peace.

2. In the economic field, we advocate a system in which prosperity and development is the security and the guarantee for the prosperity and well-being of all. We consider that an under-developed or a backward area is a challenge to the conscience and the enlightened self-interest of the whole world. Within the brotherhood of Islamic countries, we recommend application of economic co-operation and mutual exchange of knowledge and expansion of trade.

3. The directive principle of our social policy based on the timeless teachings of Islam is the well-being, prosperity and dignity of the common man, so that the personality of every individual is afforded full scope to develop.

4. All the institutions of our countries must be directed to the purpose of the common weal. Therefore, we are pledged to the principle that the Government of all is the right, the duty and the concern of all.

5. We believe that existence of security, peace and clean administration is essential for economic development.

6. We recognise the right of private property subject to consideration of social justice and public weal.

7. We attach first importance to the development and modernisation of agriculture in order to raise the standard of life of the common people. In order to develop the agrarian econcmy, we consider it essential that the tillers of the soil are freed from such systems of tenure as stand in the way of development. The radical improvement in agricultural methods is vital. For the exploitation of land resources mechanised and scientific mothods should be substituted for antiquated and uneconomic methods of cultivation.

8. In the field of industry we recogonise the value of free private enterprise subject to social justice and public interest. As the prosperity and progress of our people depend upon the speedy industrialisation, special efforts must be directed to that end. It is imperative to give full consideration to the methods of fiinancing the industrial projects. This should be made on technically sound basis.

9. We are pldged to safeguard labour against oppression and exploitation. We recommend that steps be taken to secure to labour rights internationally recognised to ensure for them dignified and civilised life and to promote efficiency.

10. Our object is to raise the standard of life of the common man. Education is the key to the attainment of this goal. We must endeavour tirelessly to bring this within the reach of all—men and woman. We attach utmost importance to the promotion of technical and scientific education for the early economic development of our countries. Training in technical subjects is essential.

11. A high standard of health is essential for well-being and progress. Therefore the protection of health by wide extension of our present efforts and resources is necessary.

12. We are heirs to the richest culture in man's history. Our past demands of us that we preserve and develop it for the future. We must, therefore, sedulously promote the dictinctive cultural life of our citizens so that they can once again enrich the world by high ideals of knowledge, beauty and virtue. we have our own way of life, of which we are proud but which we do not desire to inflict on others as we will not stand any infliction by others on ourselves. We stand for peace, freedom and progress. We are determined to preserve it for ourselves, and wish it to the rest of the world"

SUBJECTS COMMITTEES' REPORTS

The leaders of the delegations to the International Islamic Economic Conference constituted a Steering and Procedure Committee, which met for the first time on November 25. This Committee appointed 11

Subjects Committees, *viz.*, Constitution Committee; International Islamic Federation of Chambers of Commerce Committee; Trade Committee; Finance and Banking Committee; Transport and Communications Committee; Industrial Development Committee; Scientific and Technical Education Committee: Geological Survey Committee; Agrigultural and Agrarian Reforms Committee; Travel Facilities Committee and Labour Committee.

The reports of these Subjects Committees were adopted by the I. I. E. C. at its plenary sessions on December 1, 4 and 5. Following are the main recommendations of these Committees.

Constitution Committee—One of the important decisions of the Constitution Committee is to name the permanent organisation as ***Al Hay-at Al-Iktasadiah lel Alam al Islamia.*** (The International Islamic Economic Organisation). The headquarters of the Organisation shall be at Karachi, until the General Council decides otherwise.

The object of the Organisation shall be to aid and stimulate the economic advancement of Muslim countries, so as to assist in rasing their living standards and enhance their national prosperity and well-being, as also to promote collaboration and co-ordination in economic matter between them.

In pursuit of its object, the Organisation shall, ***inter alia***, adopt the following ways and means:—

(i) Collect and disseminate economic facts and figures about Muslim countries and peoples;

(ii) Investigate their economic problems and publish studies on them;

(iii) Prepare or cause to be prepared plans of development and assist in procuring technical or other expert advice and aid for carrying them out ;

(iv) Hold an annual conference and organise periodical and permanent exhibition ;

(v) Establish liaison with other appropriate organisations,

Any Muslim country, that has an Association, with aims simliar to those of the Organisation, may through that Association join the Organisation as an Ordinary Member ; Muslims, resident in a country other than a Muslim country, provided they from an important economic group, and have an Association, with aims similar to those of the Organisation, may, through that Association seek affiliation Member and no country or people with the Organisation as and Associate may have more than one such Association for the purposes of clauses (*a*) and (*b*) of this Article.

There shall be a General Council of the Organisation which shall be responsible for the affairs of the Organisation.

The General Council shall consist of one Representative each of ordinary Member Associations and one individual representative of all Associate Member Associations, collectively elected by them each year.

The General Council shall have the power to raise by such means as it deems fit the necessary finance for the purposes of the Organisation. But each Association shall make such contribution towards the funds of the Organisation as the General Council may prescribe.

The General Council shall for the convenient transaction of the business of the Organisation frame bye-laws, which shall be consistent with the spirit and letter of these Articles and which shall provide, *inter alia*, for the constitution of such Committees as the General Council may from time to time decide to appoint, the appointment of honorary and other officers and the definition of their powers, duties and emoluments, if any.

Banking and Finance Committee—The Banking and Finance Committee recommended :

(1) The Secretariat should collect information regarding financial conditions and arrangments in the various countries and take it up for consideration after expert examination on the occasion of the next Conference.

(2) Information should be obtained regarding the banking conditions and the Secretariat should arrange for its expert examination for detailed consideration on the occasion of the next Conference.

(3) Every country should have a Central Bank of its own exercising all the functions and powers associated with central banking, in particular, the powers to supervise and control the activities of the commercial banks.

(4) Every country should ensure the formation of commercial banks controlled and staffed by its own nationals.

(5) Development of banking and its control by each country being basic conditions for the progress of national economies in national interests. All countries should extend utmost assistance to one another in carrying out their plans for achieving this object.

(6) If the bank of a country wants to open an office in another country, the authorities of the latter country should extend maximum facilities to it.

(7) Every country should ensure the formation of its own Insurance Companies controlled and staffed by its own nationals. If the Insurance Company of any one country wishes to establish an office in any other country, the authorities of the latter should encourage all facilities to it.

(8) All countries should review the conditions obtaining therein regarding the available supplies of trained and experienced personnel in banking, insurance and economics. They should make plans to remove the shortage by such means as are open to them. The possibilities of opening schools of economics for advanced study and research should be explored. Men with some experience should be provided opportunities by way of employment or training in international organisations in order to guarantee the supply of men with high qualifications for dealing with the more intricate problems in the sphere of economics and banking.

(9) The appointment of a currency authority for bringing the currencies of all the Islamic countries on a sound and stable basis has been recommended. The assets for this currency should be provided by the foreign exchange, which is available from the accumulated balances in foreign countries with such additions thereto as may be possible later.

Industrial Development Committee—The main recommendations of the Committee are:—

(1) Collection of statistics pertaining to power, mineral resources including coal, iron and steel deposits.

(2) Setting up of a Mineral Resources Development Board for co-ordinating and stimulating development of mineral resources.

(3) Framing of rules for granting concessions for prospecting and production of petroleum.

(4) Giving priority for the development of industries for which not only raw materials are available but for which expanding markets within the region exist.

(5) Decentralisation of textile industry (cotton, wool and silk); electrical appliances, wries, fans and light metal industries; basic chemicals (like sulphuric acid); tanning leather goods, footwear; food and food preservation in countries where water power and labour are available.

(6) Development on regional basis of pulp and paper plastics, rubber car tyres and tubes, soda ash and soda caustic, jute, electrical goods (transformers, switchgears, cables, etc.); heavy engineering industries including agricultural machinery; and building of bodies for passenger buses, trucks and lorries, railway wagons and coaches, with a chain of maintenance and repair workshops in each country.

(7) Establishment of common service orgrnisation such as industrial development finance corporation, bureau of technical services, regional institute of standards, regionals testing laboratory and regional scientific and industrial research organisation.

Travel Facilities Committee—The main recommendations of the Committee are:—

Formation of State Tourist Organisation; recoganition :of national travelling agencies; Preservation and maintenance of historical documents and other places

of interest; provision of adequate hotel facilities; publication of suitable guide books, maps and travelling time tables; rendering full assistance for prompt issue of passports; liberalising and simplifying the grant of visas and to relax or abolish, where necessary, visa requirements; raising amount of cash allowance available for travellers; providing authorised and convenient official exchange facilities; reducing and simplifying routine of health formalities; taking measures for the prevention of overcharging of foreign travellers by local agencies; and exhibiting multilingual notices in all airports, railway stations and ports.

Trade Committee—The main recommendations of the Trade Committee are:—

Concluding bilateral trade agreements for exchange of commodities;

Exchanging preferences among Muslim countries on the analogy of preferential agreements entered between certain countries under the Havana Charter;

According concessions for mutual advantage to facilitate frontier traffic between countries having common frontiers;

According non-discriminatory treatment to nationals and companies belonging to other Islamic countries;

Freedom of transit through the territory of each Islamic country *via* routes most convenient, subject, to customs laws and regulations in force in the country through the territory of which transit is desired;

Adoption of metric system of currency, weights and measures;

Providing facilities for exchange of trade samples, subject to suitable quantitative and monetary limits; and

Appointment of Commercial Attaches, Secretaries and Trade Commissioners in all Islamic countries.

Technical and Scientific Education Committee—The Technical and Scientific Education Committee reconmmended;

(i) Taking census of technical personnel, making comprehensive lists of all categorics of experts available, formation of a pool of qualified scientists and technicians, formation of teams of experts from the pool to undertake surveys at the request of respective Governments of the Islamic countries, and collection of data regarding existing technical institutions with standard of teaching, types of courses and number of seats available for students.

(ii) Consultation with other Islamic countries when a particular country contemplates establishing scientific and technical institutions so as to avoid duplication and expenditure.

(iii) Requesting respective Governments of the Islamic countries to allocate adequate funds for development and advancement of scientific and technical education.

Labour Committee—The Labour Committee recommended fixing of labour standards and labour policy in accordance with the teachings of Islam. Special stress was laid on labour legislation, whereby workers are ensured of the following; adequate housing accommodation; schools for children of workers; hospitals; libraries; social relief; classes for technical

training; two uniforms a year; compensation for disability incurred during the work; old age pension; recreational facilities; non-employment of children below 15; non-employment of women in certain industries; fixing of maximum hours of work; and grant of weekly and annual paid holidays.

With regard to agricultural labour, the report stressed the need to encourage the labourer or the tiller of the soil to become a land-owner.

Geological Survey Committee—The main recommendations of the Geological Survey Committee are :—

Preparation and exchange of geological maps through the office of the permanent organisation ;

Establishment of a central technical institution for the training of geologists, mining engineers and metallurgists in the Muslim world;

Exchange of information regarding mineral wealth and natural resources among the participating countries and the appointment of a geologist or a mining engineer for this purpose to be attached to the office of the permanent organisation ;

Setting up of an International Islamic Mineral Resources Development Board of representative character to advise on geological investigation ;

Working out schemes to pool the natural resources including forests and waterways of different Islamic countries, under the supervision of the International Islamic Mineral Resources Development Board for the purpose of re-orientation of industries on the basis of mutual co-operation and prosperity ; and

Adoption of a co-ordinated policy on the export of surplus mineral wealth, covering minimum standard

specifications of raw materials to be exported with their prices, export duties, royalties and quantities so that maximum benefit to the Muslim world may accrue.

Agricultural and Agrarian Reforms Committee—With a view to bringing about radical changes in the present primitive and antiquated agrarian economy of the Islamic countries, the Agricultural and Agrarian Reforms Committee recommended:

Freedom of the tiller of the soil from servitudes, such as forced labour, illegal cesses and dues, privileges and social compulsions of the landlord, where they exist.

An increase in the cultivator's share in the yield of land, such as would afford him a resonable return from his labour and enable him to live a life according to civilized standards of well-being.

Substantial security of tenure to the cultivator so that he can take an interest in the improvement of land.

Fixation of maximum and a minimum area of land ownership to be allowed to a person.

State-aided efforts must be made to encourage large-scale farming, to introduce and subsidize the introduction of mechanised methods of land-exploitation, to assist the large-scale employment of scien ific chemical manures, to afford improved seeds to cultivators to promote education and training in improved methods of cultivation, and to regulate the total area to be sown under each crop according to a national plan.

The introduction of co-oprative farming will preserve the independence of the farmer and respect his deep attachment to the possession of his own small plot of land, at the same time making possible the introduction of mechanised methods, of large scale cultivation, planned employment of improved standardized seeds and chemical manures and the national planning of agriculture. As a first step, Model Co-operative Farms may be set up in State-owned lands and later extended to all land held by peasant proprietors. It may also have to be imposed by State action on the large owners.

Combating the peril of fragmentation and uneconomic parcellation of land. This will have to be done by rapid industrialisation, by the wide extension of large-scale co-operative farming and by an increase in the area of cultivable soil through State schemes of reclamation, irrigation, anti-erosion and anti-waterlogging operations. It may also be advisable to study the possiblity of prohibiting parcellation of land beyond a certain limit.

Islamic States should give the first priority to schemes of irrigation, conservation of water-supplies, hydro-electric power for tubewells and water-lifting, anti-erosion and anti-waterlogging operations. It must be one of the primary aims of our industrial planning to make the Islamic countries as a whole independent in the production of agricultural machinery and implements and in the production of chemical artificial fertilisers. It is also appropriate that the first steps in industrial development should be concentrated on production which depends primarily or exclusively on indigenous agrarian raw material.

Extensive programme of afforestation by the Islamic States. Fight against agricultural pests infection, poisonous weeds and particularly the menace of locusts.

Extensive programme of cattle raising and animal husbandry and suggests the mutual exchange by Islamic countries of improved breeds.

Promotion of the mutual exchange of Agricultral Services and technicians and the encouragement of visits by experts.

Transport and Communications Committee— Improvement of transport system will open up new areas leading to intermingling of people for purposes of trade, commerce and encourage traffic to Holy places. Improved transport helping in distributing the benefits of economic development widely is the key to the whole problem of co-related economic development of the region. The Transport and Cnmmunications Committee has recommended that—

(a) A railway system connecting the contiguous Islamic countries is highly essential and deserving of the highest priority. Experts of all the Islamic countries should, therefore, meet early and consider the best method of inter-connecting these countries by a network of railways, and further the railway line that was laid down before the World War I from Damascus to Medina and which is lying unused, should be re-built and put to use.

(b) A Conference of road and transport experts of of all the Islamic countries should be convened early with a view, *inter alia,* to discuss the needs of each country as related to the development of the region as a whole, and prepare a plan of International Highways for the region and suggest ways and means of pooling of

expert knowledge and resources for research and for collection and publication of statistics and regulations.

(c) It is essential that most modern and quickest means of transport, namely, aviation should be taken advantage of in linking Islamic countries and bringing them closer, and with this view an International Islamic Airline should be organised and a Conference representing aviation interests should be called to discuss the question of organisation, equipment and operation of the airline which should be jointly owned, jointly managed and operated by Islamic countries.

(d) A high-grade training centre should be established to which candidates from all the Islamic countries should be admitted for advanced specialised training in various branches of aviation, and that the existing training centres in some of the Islamic countries should be expanded and thrown open to candidates from all over the Islamic countries.

(e) Muslim countries should have an integrated network of telecommunication, and a Standing Islamic Communications Council should be formed to discuss the question of rates, technical standards and methods of operation, co-ordinated expansions and reciprocal use of installation for the common benefit, and a common policy in the matter of extension of circuits to the rest of the world, and further the representatives of the Muslim countries should hold joint discussions when attending International Conferences on Telecommunications, study jointly the problems to be discussed at such Conferences and decide broadly the attitude of the Islamic countries to such problems.

(f) Muslims have a long tradition of sea-faring behind them, and organised the first navy squadron as early as during the Caliphate of Hazrat Usman, and

following the Quranic injunctions, Muslim scholars and Muslim traders braved the seas and held the monopoly of sea-going trade from the Mediterranean to China. It is essential that this tradition should be revived and the Muslim countries should make a concerted and joint effort in starting shipping lines, and the advisability of starting an International Shipping Line be considered and an International Islamic Shipping Conference should be convened which amongst other things should survey the trade routes, the number of ships required for the routes, work out economic freight rates and advise on the best methods of purchase of steamers and consider the aspect of Governmental aid required for the establishment of International Shipping Line. The importance of ship-building industry cannot be stressed too much, and a beginning should be made by mutual co-operation to start ship-building by provision of facilities for repairs, overhauls, conversion and construction of freighters and small passenger vessels, and whereas such facilities exist in some Islamic countries, they should be made available to others and attempts made to extend such activities progressively leading to a complete and well-organised ship-building industry.

International Islamic Federation of Chambers of Commerce Committee—The International Islamic Federation of Chambers of Commerce Committee recommended the establishment of permanent International Federation of Chamber of Commerce and Industry. It was unanimously decided that the Head Office of the Chamber would be located for the first time in Karachi. Branch Offices will be situated in all the Muslim Countries who become associated members of the Federation.

The object for which this Federation has been established are to aid and stimulate the development of Trade, Commerce, Industries, Mineral Resources, Banking, Insurance, Commercial Airlines, Shipping and Transport. The Fedration would also collect and disseminate statistics and other information relating to Trade and Commerce among the Associated Members of the Federation.

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